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DOCUMENTS ON CANADIAN EXTERNAL RELATIONS

CANADA

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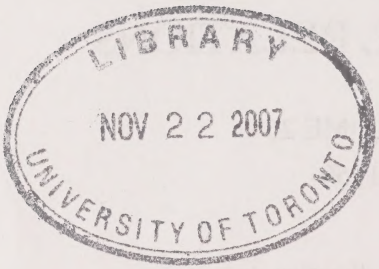
DOCUMENTS ON CANADIAN EXTERNAL RELATIONS

VOLUME 26

1959

Sous la direction de
Janice Cavell
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Editors

MINISTÈRE DES AFFAIRES ÉTRANGÈRES ET DU COMMERCE INTERNATIONAL
DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE



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INTRODUCTION

INTRODUCTION

Les préoccupations suscitées par la guerre froide continuent de dominer la politique étrangère canadienne en 1959, mais l'année marque aussi un moment de détente avant la reprise des hostilités en 1960-1962. La démission, en avril, du secrétaire d'État américain, John Foster Dulles, semble marquer le début d'un assouplissement. Les fonctionnaires du ministère des Affaires extérieures se réjouissent de la visite aux États-Unis, en septembre, du premier secrétaire soviétique, Nikita Khroushtchev, et de l'« esprit de Camp David » auquel elle donne lieu. En effet, les hauts responsables du Ministère craignent surtout que les Américains n'attachent pas assez d'importance à la nécessité de maintenir le climat de détente (document 345). C'est aussi en 1959 que les réserves exprimées au sujet de nombreux aspects de la politique américaine, qui s'amplifieront au cours des prochaines années, se manifestent clairement pour la première fois. Sur ce point, la nomination de Howard Green au poste de secrétaire d'État aux Affaires extérieures, en juin (après le décès soudain de Sidney Smith en mars) marque un tournant important. De prime abord, cette nomination revêt un caractère inhabituel : bien qu'il soit un politicien chevronné, bénéficiant de la pleine confiance du premier ministre John Diefenbaker, Green n'a à peu près aucune expérience des affaires internationales. Les journalistes ont d'ailleurs vite fait de souligner que Green n'a pas quitté l'Amérique du Nord depuis son service militaire pendant la Première Guerre mondiale. Toutefois, le nouveau ministre se taille rapidement une place sur la scène internationale. En septembre, il prononce une allocution à l'Assemblée générale des Nations Unies et, en octobre, il se rend en Europe : d'abord à Paris, pour rencontrer le président Charles de Gaulle et le ministre français des Affaires étrangères, Maurice Couve de Murville (documents 329-331); puis à Londres, pour s'entretenir avec le premier ministre britannique, Harold Macmillan.

Dès les premiers mois de son mandat, le ministre Green décide que le désarmement et les effets des radiations nucléaires doivent figurer en tête des priorités canadiennes, ce qui conduira aux controverses ultérieures sur l'acquisition d'armes nucléaires. L'arrivée de Green et les nouvelles orientations qu'il donne à la politique suscitent des sentiments mitigés parmi les fonctionnaires du ministère des Affaires extérieures, mais les réactions sont généralement favorables. L'ambassadeur du Canada à Washington, Arnold Heeney, estime que « Green, homme simple et des plus amènes, est un naïf dans l'arène internationale et, qui plus est, un homme obstiné et enclin à une sorte d'*isolationnisme pacifique*[1]. » Pour sa part, le représentant permanent du Canada auprès des Nations Unies, Charles Ritchie, est d'avis que « ceux qui ne voient dans le nouveau ministre qu'un Canadien charmant et docile se trompent énormément. Il s'agit d'un politicien très avisé qui, de plus, fait preuve d'une détermination admirable dans la poursuite d'objectifs auxquels il croit

[1] Arnold Heeney, *The Things That Are Caesar's: Memoirs of a Canadian Public Servant*, publié sous la direction de Brian D. Heeney (University of Toronto Press, Toronto, 1972), p. 162; italique conforme à l'original anglais.

INTRODUCTION

Cold War concerns continued to dominate Canadian foreign policy during 1959, but the year was notable as a temporary thaw before the heightening of hostilities in 1960-62. The resignation of John Foster Dulles as American Secretary of State in April seemed to mark the beginning of a more relaxed era. Soviet Premier Nikita Khrushchev's September visit to the United States and the resulting "spirit of Camp David" were welcomed by members of the Department of External Affairs. Indeed, the main concern of senior officials was that the Americans might not attach enough importance to maintaining détente (Document 345). The reservations about many aspects of American policy which would become ever more pronounced in the next few years first clearly manifested themselves in 1959. In this regard, the appointment of Howard Green as Secretary of State for External Affairs in June (following the sudden death of Sidney Smith in March) marked an important turning-point. Green at first appeared an unusual choice for this post: though an extremely experienced politician who possessed Prime Minister John Diefenbaker's full confidence, he had little direct experience of the wider world. As journalists were quick to point out, he had not travelled outside North America since his service in the First World War. However, Green lost no time in establishing himself as a presence on the international scene. He made an address to the United Nations General Assembly in September, and in October he travelled to Europe, meeting with French President Charles de Gaulle and Foreign Minister Maurice Couve de Murville in Paris (Documents 329-331) and British Prime Minister Harold Macmillan in London.

In his first few months as minister, Green decided that disarmament and the effects of nuclear radiation were two issues Canada should make its own, thus setting the stage for later controversies about the acquisition of nuclear weapons. Responses to Green and his agenda among members of the Department of External Affairs were mixed, but on the whole favourable. The Canadian ambassador in Washington, Arnold Heeney, considered that "Green, the most pleasant of good simple men, is an innocent abroad, and what is more, obstinate and underneath inclined to a sort of *pacific-isolationism*."[1] On the other hand, Charles Ritchie, Canada's representative at the United Nations, observed, "Those who think that they have got a nice tame Canadian in the new Minister are very much mistaken. He is a very shrewd politician. He is also admirable in his pursuit of objectives in which he tenaciously believes, particularly in the field of disarmament."[2] Basil Robinson, who acted as liaison between External Affairs and the Prime Minister, conceded that Green was sometimes "naïve" and "stubborn," but the new minister was also "serious and hard working and he knew how to make use of his department." Given the lack of "creative, resourceful" leadership in foreign policy from Diefenbaker, "the

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[1] Arnold Heeney, *The Things That Are Caesar's: Memoirs of a Canadian Public Servant*, ed. Brian D. Heeney (Toronto: University of Toronto Press, 1972), p. 162. Emphasis in original.

[2] Charles Ritchie, *Diplomatic Passport: More Undiplomatic Diaries, 1946-1962* (Toronto: Macmillan, 1981), pp. 162-63.

résolument, notamment en ce qui concerne le désarmement[2]. » Basil Robinson, chargé de la liaison entre les Affaires extérieures et le premier ministre, concède, quant à lui, que Green se montre parfois « naïf » et « obstiné », mais le nouveau ministre est également « sérieux et dur à la tâche » et « sait comment mettre son ministère à contribution ». Étant donné le manque « de créativité et d'ingéniosité » des directives venant de Diefenbaker en matière de politique étrangère, « le Ministère était d'autant plus disposé à adhérer aux orientations de Green, même si son champs d'intérêt semblait plutôt limité. Au moins, on était ici en présence d'un ministre qui savait ce qu'il voulait, et ses relations avec le premier ministre étaient assez solides pour lui permettre de poursuivre le chemin qu'il s'était tracé[3]. »

Lors de la quatorzième session de l'Assemblée générale des Nations Unies, la délégation canadienne lance une initiative importante axée sur la collecte et l'analyse systématiques de données sur les radiations atomiques afin de mieux en comprendre les effets. Au terme de longues négociations menées en coulisses, la résolution 1376 (XIV) est finalement adoptée. Le Canada joue également un rôle important dans d'autres dossiers, notamment celui des élections au Conseil de sécurité, qui donnent lieu à des tractations particulièrement houleuses. Avant le début de la quatorzième session, l'Afrique du Sud exerce des pressions pour que le Canada appuie sa candidature à un siège au Conseil de sécurité, en qualité de représentante du Commonwealth. Conscient du fait que les membres asiatiques et les autres membres africains du Commonwealth s'opposeront à ce projet, le Canada parvient à convaincre l'Afrique du Sud de retirer sa candidature au profit de Ceylan. Le Canada appuie également l'élection de la Pologne au Conseil de sécurité, même si les États-Unis et la Grande-Bretagne penchent fortement pour la Turquie. Au Cabinet, Green dénonce sans ambages les pressions exercées par les Américains en faveur de la Turquie, qui constituent, selon lui, une « manœuvre répondant aux impératifs de la guerre froide (...), contre-indiquée dans la situation actuelle » (document 6). Étant donné l'impossibilité de s'entendre, même après 52 tours de scrutin, une coalition de pays, dont le Canada, prend à tâche de négocier un compromis : la Turquie et la Pologne acceptent de se partager le siège vacant, la Pologne devant ensuite y renoncer en 1960, en faveur de la Turquie.

La position défendue par Green lors de l'élection au Conseil de sécurité montre sa détermination à ce que le Canada ne soit pas perçu comme un satellite des États-Unis. Le premier ministre affiche la même détermination, ce qui mènera ultérieurement à de profondes divergences, notamment au sujet de la défense et de la question nucléaire. On peut déjà deviner les signes avant-coureurs de l'orage lorsque le Cabinet oppose son veto au déploiement de l'opération *Skyhawk*, premier grand exercice de défense aérienne organisé depuis la création du NORAD et résultat d'un travail de planification très poussé mené pendant de nombreux mois par les responsables militaires. Après que l'ambassadeur des États-Unis au Canada, Richard

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[2] Charles Ritchie, *Diplomatic Passport: More Undiplomatic Diaries*, 1946-1962 (Macmillan, Toronto, 1981), pp. 162 à 163.

[3] H. Basil Robinson, *Diefenbaker's World: A Populist in Foreign Affairs* (University of Toronto Press, Toronto, 1989), p. 103.

department was all the more likely to respond to Green, even if his field of interest appeared to be narrow. At last here was a minister who knew where he wanted to go, and whose relationship with the prime minister was solid enough to permit him to follow the trail he had marked out."[3]

During the fourteenth session of the General Assembly, the Canadian Delegation launched an important initiative on atomic radiation, calling for more systematic collection and analysis of data, in order to better understand the biological effects. After considerable behind-the-scenes negotiation, resolution 1376 (XIV) was passed. Among other United Nations issues in which Canada played an important role, the Security Council elections proved especially contentious. Before the fourteenth session began, South Africa lobbied Canada to support its candidature for the Commonwealth seat on the Security Council. Recognizing that the Asian and other African Commonwealth members would oppose this, Canada successfully convinced South Africa to withdraw in favour of Ceylon. Canada also supported Poland's election to the Council, even though the United States and Britain strongly preferred Turkey. In Cabinet, Green curtly dismissed American lobbying in favour of Turkey as a "cold war manoeuvre ... undesirable under present conditions" (Document 6). After 52 inconclusive ballots, a coalition of nations, including Canada, intervened to negotiate a compromise: Turkey and Poland agreed to split the seat, with Poland resigning in 1960 in favour of Turkey.

Green's stand on the Security Council election showed his determination that Canada not be perceived as an American satellite. This determination was shared by the Prime Minister, and it would lead to serious conflicts, particularly on defence and nuclear issues. A strong hint of future problems came when Cabinet vetoed the staging of Operation Skyhawk, the first major air defence operation scheduled since the inception of NORAD and an exercise which had been exhaustively planned by military officials for many months. After the United States Ambassador, Richard Wigglesworth, informed Diefenbaker that Washington officials were "mad as hell" (Document 204) about the Canadian decision, President Dwight Eisenhower intervened personally in the dispute and asked his Canadian counterpart to authorize the staging of Skyhawk. Cabinet remained resolute, however, and refused to reconsider its position.

Trouble also loomed when the United States formally requested that ongoing negotiations in military channels to allow the storage of nuclear weapons at leased bases in Canada be swiftly concluded with a formal diplomatic agreement. In preparation for the second meeting of the Canada-United States Ministerial Committee on Joint Defence, to be held at camp David in November 1959, Under-Secretary of State for External Affairs Norman Robertson emphasized the importance

[3] H. Basil Robinson, *Diefenbaker's World: A Populist in Foreign Affairs* (Toronto: University of Toronto Press, 1989), p. 103.

Wigglesworth, eut informé Diefenbaker que les dirigeants de Washington sont « absolument furieux » (document 204) à la suite de la décision du Canada, le président Dwight Eisenhower intervient personnellement dans le dossier pour demander à son pendant canadien d'autoriser l'opération *Skyhawk*. Le Cabinet se montre toutefois inflexible et refuse de reconsidérer sa décision.

Les relations s'assombrissent encore davantage lorsque les États-Unis demandent formellement que soient accélérées les négociations en cours entre les instances militaires afin qu'on puisse aboutir à un accord diplomatique officiel autorisant le stockage d'armes nucléaires dans des bases louées à bail au Canada. En prévision de la deuxième réunion du Comité ministériel Canada-États-Unis chargé de la défense commune, qui doit se tenir à Camp David en novembre 1959, le sous-secrétaire d'État aux Affaires extérieures, Norman Robertson, insiste sur l'importance de conclure un tel accord, notamment en raison des « graves répercussions[4] » que l'échec des négociations pourrait avoir sur les relations entre les deux pays. En 1959, la fourniture d'armes nucléaires aux forces armées est au centre du débat nucléaire au Canada, et cette question jouera ultérieurement un rôle crucial dans la défaite du gouvernement conservateur. En mai, Washington recommande que les deux gouvernements procèdent à un échange de notes sur les conditions régissant l'acquisition d'armes nucléaires par le Canada; au début de décembre, les fonctionnaires canadiens à Ottawa ont déjà rédigé un projet d'entente (document 191). Toutefois, au grand dam du ministre de la Défense nationale, George Pearkes, le ministre Green n'avait rien fait à la fin de l'année 1959[5]. » Dès janvier 1960, les divergences entre les deux ministres sur cette question se creusent et leurs relations s'enveniment.

Alors que les relations de défense canado-américaines en 1959 se caractérisent par des dossiers complexes et de plus en plus controversés, on constate en revanche une amélioration marquée des rapports économiques cette année-là, et ce, dans plusieurs domaines. Les fonctionnaires canadiens craignent d'abord que leurs efforts en vue d'infléchir la politique restrictive de Washington relativement aux importations de pétrole brut se soldent par un « échec à peu près total » (document 235), mais les producteurs canadiens reçoivent éventuellement une exemption vis-à-vis les restrictions à l'importation des États-Unis. Par ailleurs, les négociateurs canadiens parviennent à conclure un nouvel accord sur l'uranium avec la Commission de l'énergie atomique des États-Unis, et les négociations sur le fleuve Colombia, qui traînent en longueur, franchissent un cap important : au cours de l'année, la Commission mixte internationale rédige et adopte une déclaration de principe sur la répartition des bienfaits découlant de l'exploitation du potentiel hydro-électrique du Colombia. Enfin, les deux pays réussissent également à s'entendre sur un projet d'accord relatif au partage des marchés publics en matière de production de défense. Comme le programme de fabrication de l'intercepteur CF-105 (*Avro Arrow*) a été abandonné en février, le nouvel accord revêt une importance cruciale pour le secteur canadien de la haute technologie.

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[4] Note manuscrite à l'intention du Ministre, 23 octobre 1959, MAE 50309-A-40.
[5] Robinson, *Diefenbaker's World*, p. 114.

of concluding these arrangements by noting the "serious repercussions"[4] that failure to secure an agreement would have on Canadian-American relations. The key nuclear weapons question for Canada in 1959 — which eventually played a pivotal role in the Conservative government's downfall — was the provision of nuclear weapons to Canadian forces. In May, Washington recommended that the two governments should exchange notes on the conditions governing Canada's acquisition of nuclear weapons, and by early December, officials in Ottawa had drafted a proposal (Document 191). However, to the dismay of National Defence Minister George Pearkes, Green took no action on it.[5] Beginning in January 1960, the disagreements between the two ministers on this issue would become ever more marked and bitter.

If the Canada-US defence agenda was crowded with an array of complex and increasingly contentious items, economic relations between the two countries in 1959 showed a remarkable improvement in several fields. Although Canadian officials initially worried that their attempts to alter Washington's tough policy on crude oil imports were a "virtually complete failure" (Document 235), Canadian oil producers eventually received an exemption from American import restrictions. Canadian negotiators succeeded in forging a new agreement on uranium with the United States Atomic Energy Commission, and a significant milestone was reached in the protracted Columbia River negotiations: by the end of 1959, the International Joint Commission had hammered out an agreed statement of principles for determining and apportioning benefits from the cooperative development of power resources along the Columbia. Finally, a draft agreement on the sharing of defence production contracts was also produced by the end of the year. This agreement was of critical importance to the Canadian high technology sector in the wake of the cancellation of the CF-105 interceptor (Avro Arrow) programme in February.

In relations with the Communist bloc, the major focus was naturally on détente. Canadians were highly gratified when the brief, unplanned visit of Soviet Deputy Premier Anastas Mikoyan to Halifax proved to be an occasion of memorable informality, warmth, and friendliness (Document 351). There was a general readiness to promote cultural exchanges and visits, although in the case of the Soviet Union Canada lagged well behind the US and UK in formal cultural relations. Sidney Smith's decision to permit a visit by the Peking Opera Company marked a significant departure in policy. This was the first such visit to North America by performers from the People's Republic of China, and Norman Robertson noted that it "could be considered as part of a policy of proceeding by gradual steps toward eventual recognition" of the People's Republic (Document 453). In trade relations, too, the outlook was generally optimistic. Negotiations for the renewal of the 1956 trade agreement with the USSR continued throughout the year, and despite controversies about the application of Canadian anti-dumping regulations to Chinese goods, at the

[4] Unprinted Memorandum for the Minister, October 23, 1959, DEA 50309-A-40.
[5] Robinson, *Diefenbaker's World*, 114.

Dans les relations avec le bloc communiste, on met bien sûr l'accent sur la détente. Les Canadiens se montrent ravis de la visite brève et imprévue du vice-premier secrétaire de l'Union soviétique, Anastase Mikoyan, à Halifax, laquelle s'avère une rencontre mémorable par son caractère informel, chaleureux et amical (document 351). Les deux pays sont généralement disposés à favoriser les échanges culturels et les visites, mais le Canada accuse un retard important par rapport aux États-Unis et au Royaume-Uni en ce qui a trait aux relations culturelles officielles avec l'Union soviétique. La décision de Sydney Smith d'autoriser la venue au Canada de l'Opéra de Pékin marque à cet égard un changement d'orientation important. Il s'agit de la première visite du genre, en Amérique du Nord, d'artistes de la République populaire de Chine (RPC). Pour Norman Robertson, « cette décision s'inscrit dans une démarche progressive qui doit éventuellement mener à la reconnaissance » de la RPC (document 453). Un vent d'optimisme souffle également sur les relations commerciales. Les négociations sur la reconduction de l'accord commercial de 1956 avec l'Union soviétique se poursuivent tout au long de l'année. Malgré la controverse que suscitent les mesures antidumping adoptées par le Canada à l'encontre des importations chinoises, on peut entrevoir à la fin de 1959 des signes très prometteurs quant à l'avenir des relations commerciales entre les deux pays (document 452).

Par ailleurs, les membres de l'Organisation du traité de l'Atlantique Nord (OTAN) continuent de faire face à la menace soviétique en Europe. Les dirigeants canadiens ne jouent toutefois qu'un rôle négligeable dans la formulation de la politique de l'OTAN. Berlin continue alors d'être au cœur des tensions Est-Ouest. Les responsables du ministère des Affaires extérieures espèrent d'abord que le Canada pourra jouer un rôle important dans la recherche d'une nouvelle solution occidentale à la question allemande et demandent aux diplomates canadiens dans les pays de l'OTAN de déterminer à quelle réception pourrait s'attendre une initiative canadienne sur l'Allemagne. Bien que les hauts responsables à Ottawa se disent satisfaits du résultat de ces consultations, ils admettent éventuellement que « le Canada n'a aucun intérêt à présenter ou à appuyer officiellement une solution plutôt qu'une autre » (document 83) au moment où les principales puissances de l'OTAN se préparent en vue de la Conférence des ministres des Affaires étrangères. Ces discussions de haut niveau se déroulent alors même qu'on donne suite aux décisions prises antérieurement par l'OTAN quant au stockage et à l'emploi d'armes nucléaires par l'Alliance en Europe. Les hauts responsables canadiens et le premier ministre, inquiets des répercussions de ces décisions sur la détente Est-Ouest, seront impuissants à dissuader l'Alliance de diffuser un communiqué de presse alarmant sur les nouveaux armements dont elle dispose.

Cette incapacité du Canada à influencer la politique de l'OTAN sur ces grands dossiers est imputable en partie à la diminution de la contribution financière et matérielle d'Ottawa à l'Alliance. Malgré la décision du gouvernement Diefenbaker de renouveler à grands frais les équipements de la Division aérienne du Canada, le Canada réduit progressivement sa contribution au programme global d'aide mutuelle. En août, le Cabinet approuve l'affectation de 90 millions de dollars au budget d'aide mutuelle pour 1959-1960, ce qui représente une baisse sensible par rapport au chiffre record de 250 millions de dollars enregistré au milieu des années 1950. Du reste, ces

end of 1959 there were hints of great things to come in trade between Canada and China (Document 452).

Members of the North Atlantic Treaty Organization continued to confront the Soviet threat in Europe. However, Canadian officials played only a peripheral role in the formation of NATO policy. Berlin remained the flashpoint of East-West tension, and External Affairs officials hoped initially that Canada might play a prominent role in crafting a new Western solution to the German problem. Consequently, Canadian diplomats in NATO capitals were encouraged to determine the level of support for an initiative on Germany. Although senior officials in Ottawa professed their satisfaction at the outcome of these consultations, they ultimately saw "no advantage in Canada formally advancing or endorsing specific proposals" (Document 83) as the major NATO powers prepared for the Foreign Ministers' Conference. These high-level discussions were conducted while earlier NATO decisions on the storage and use of nuclear weapons by the Alliance in Europe were being implemented. Canadian officials and the Prime Minister, who were worried about the impact of this development on East-West détente, proved unable to stop the Alliance from issuing an alarming press release on NATO's new armaments.

Canada's inability to influence the course of NATO policy on these important matters in part reflected Ottawa's diminished financial and material contribution to the Alliance. Although the Diefenbaker government did make the costly decision to re-equip the Canadian Air Division in Europe, Canada was gradually retreating from its support of a comprehensive mutual aid programme. In August, Cabinet approved a mutual aid budget for 1959-60 of $90 million, a sharp decline from the peak of more than $250 million in the mid-1950s. This projected expenditure, however, also included Canada's contribution to the NATO infrastructure program, and Canadian officials were forced to admit that the provision of military equipment and supplies to NATO countries could not be continued.

As always, Diefenbaker especially valued consultation with the United Kingdom. During the visit of Prime Minister Macmillan to Ottawa in March, a wide range of issues were discussed, including Berlin, German reunification, Macmillan's recent visit to the Soviet Union, and preparations for the 1960 conference on the Law of the Sea. Nevertheless, limitations to the Canada-UK relationship had to be faced: when Macmillan expressed the hope that Canada would buy more British goods, Diefenbaker said he could give "no undertaking that the Canadian Government would feel able to take any fresh steps designed to increase imports from the United Kingdom" (Document 149).

In Western Europe, 1959 was a year of change. The first steps taken by the new European Economic Community brought to the forefront Canadian anxieties about possible disruptions to multilateral trade. External Affairs closely followed developments as "the Six" decided on their common tariffs, with such commodities as aluminum and agricultural products being of special concern. The negotiations

prévisions de dépenses englobent la contribution canadienne au programme d'infrastructure de l'OTAN, de sorte que les fonctionnaires canadiens se voient contraints d'admettre l'impossibilité de continuer à fournir du matériel et des équipements militaires aux pays de l'OTAN.

Comme toujours, Diefenbaker attache une importance toute particulière aux consultations avec les Britanniques. Lors de la visite du premier ministre Macmillan à Ottawa en mars, les deux hommes abordent un large éventail de dossiers, y compris Berlin, la réunification de l'Allemagne, la dernière visite de Macmillan en Union soviétique et les préparatifs de la Conférence de 1960 sur le droit de la mer. Ils doivent néanmoins reconnaître que les relations canado-britanniques sont soumises à certaines limites : lorsque Macmillan exprime l'espoir que le Canada achètera plus de produits britanniques, Diefenbaker répond qu'il ne peut « promettre que le gouvernement du Canada se sentira disposé à adopter de nouvelles mesures pour accroître les importations en provenance du Royaume-Uni » (document 149).

En Europe de l'Ouest, l'année 1959 sera placée sous le signe du changement. Les premières mesures prises par la Communauté économique européenne, qui vient de naître, raniment les inquiétudes du Canada au sujet d'éventuels préjudices au commerce multilatéral. Les responsables des Affaires extérieures s'intéressent de près à l'issue des discussions entre les « Six » sur l'imposition de droits tarifaires communs, notamment en ce qui concerne l'aluminium et les produits agricoles. Les négociations en vue de la création de la Zone européenne de libre-échange suscitent elles aussi beaucoup d'intérêt, d'autant plus que la Grande-Bretagne fait partie des « Sept ». Les Canadiens sont déterminés à préserver leurs liens économiques traditionnels avec le Royaume-Uni, mais leurs démarches dans les dossiers des produits du porc et du poisson surgelé n'aboutissent guère. Les États-Unis partagent d'ailleurs les inquiétudes canadiennes au sujet de la création de ces nouveaux blocs commerciaux. À la fin de l'année, le sous-secrétaire d'État américain aux affaires économiques, Douglas Dillon, demande au Canada d'appuyer la transformation et la revitalisation de l'Organisation européenne de coopération économique.

Les relations entre les pays de l'Ouest et le monde en développement préoccupent de plus en plus le ministère des Affaires extérieures. Si le Canada s'intéresse déjà de très près au « nouveau Commonwealth », au Moyen-Orient et à l'Indochine, les dirigeants politiques commencent également à prêter attention à l'Afrique (documents 144, 454, 455) et à l'Amérique latine. Le Commonwealth est alors sur le point de connaître une profonde transformation. Au cours de la prochaine décennie, la décolonisation se traduira par l'arrivée de 25 nouveaux membres, et Ottawa se penche déjà sur les conséquences de ce changement. Diefenbaker et Green restent fermement convaincus de l'utilité du Commonwealth et s'intéressent vivement à son développement futur. En outre, Diefenbaker attache une importance toute particulière à l'adhésion éventuelle de Chypre. En début d'année, une entente intervient à Londres sur la question de l'indépendance chypriote; on continue cependant de débattre de la question de l'adhésion de Chypre au Commonwealth et de son statut éventuel au sein de l'organisation. Diefenbaker s'inquiète tout particulièrement de ce que Chypre soit invitée à devenir membre sur la base de conditions restrictives, c'est-à-dire avec moins de droits que les autres membres. C'est donc avec prudence qu'il

leading up to the formation of the European Free Trade Area were of equal interest, since "the Seven" included Great Britain. Canadians were determined to preserve their traditional economic ties with the United Kingdom, but representations on pork products and frozen fish met with little success. Canadian concerns about the impact of these new trade groupings were shared by the United States. At the end of the year, American Under Secretary of State for Economic Affairs Douglas Dillon sought Canadian support for the transformation and revitalization of the Organization for European Economic Cooperation.

Relations between the West and the developing world were a focus of increasing concern for the Department of External Affairs. The "New" Commonwealth, the Middle East, and Indochina were well established as areas in which Canada took a deep interest, and in 1959 Canadian policy-makers also began to turn their attention to Africa (Documents 144, 454, 455) and Latin America. The Commonwealth was on the eve of dramatic change. Over the next decade, decolonization would result in twenty-five new members, and the implications of this anticipated growth were already being contemplated in Ottawa. Both Diefenbaker and Green remained firm believers in the value of the Commonwealth, and they were keenly interested in its future development. Cyprus' potential membership in the Commonwealth was an issue of particular importance to Diefenbaker. Early in 1959, agreement was reached in London on Cypriot independence; questions remained, however, on whether an independent Cyprus would join the Commonwealth and, if it did, what its status would be within the association. Diefenbaker was especially troubled by suggestions that Cyprus might be invited to join on a basis of differentiated membership, that is with fewer rights than existing members. He cautiously agreed to British discussions with the Cypriots, but warned the UK High Commissioner that "the idea of a special form of membership seems to me to have serious implications for the future of the Commonwealth" (Document 117).

Escott Reid, the Ambassador to West Germany and former High Commissioner in New Delhi, put forward a number of suggestions about the Commonwealth's role in the evolving postcolonial world. He wrote to Green that it could become a "firm bridge between the democracies of the West and the newer democracies of Asia and Africa" (Document 143). To strengthen this bridge, existing links were reinforced. Meeting in Jakarta, the Colombo Plan Consultative Committee agreed to extend the plan for a further five years beyond 1961 (Document 142). Initiatives in education, including the Commonwealth Scholarship and Fellowship plan first contemplated at the 1958 Trade and Economic Conference in Montreal, were solidified at the first Commonwealth Education Conference, held in Oxford. Since the early 1950s, Commonwealth Finance Ministers had met regularly to discuss economic relations. In 1959, these meetings were formalized as the Commonwealth Economic Consultative Council; lesser officials concerned with trade and finance met in the spring, followed by a meeting of Finance Ministers in September. These concerted

souscrit à l'ouverture de discussions entre les Britanniques et les Chypriotes, tout en faisant remarquer au haut-commissaire du Royaume-Uni que, selon lui, « l'idée de créer un statut spécial pourrait entraîner de graves conséquences pour l'avenir du Commonwealth » (document 117).

L'ambassadeur du Canada en Allemagne de l'Ouest et ancien haut-commissaire du Canada à New Delhi, Escott Reid, formule un certain nombre de propositions sur le rôle du Commonwealth dans le monde postcolonial qui se dessine. Dans une lettre adressée à Green, il affirme que le Commonwealth pourrait servir à « jeter des ponts solides entre les démocraties occidentales et les nouvelles démocraties d'Asie et d'Afrique » (document 143). C'est à cette fin qu'on décide de renforcer les liens existants. Réuni à Jakarta, le Comité consultatif du Plan Colombo décide de reconduire ce mécanisme au-delà de 1961 pour une période additionnelle de cinq ans (document 142). À la première Conférence sur l'éducation du Commonwealth, tenue à Oxford, il est également décidé de renforcer diverses initiatives dans le domaine de l'enseignement, y compris le programme de bourse d'études et de recherche, dont on avait d'abord envisagé la création lors de la Conférence sur le commerce et l'économie qui avait eu lieu à Montréal en 1958. Depuis le début des années 1950, les ministres des Finances du Commonwealth se réunissent à intervalles réguliers pour discuter des relations économiques. En 1959, il est décidé d'officialiser ces rencontres et de créer le Conseil économique consultatif du Commonwealth. Les fonctionnaires chargés des dossiers commerciaux et financiers se réunissent au printemps, tandis que les ministres des Finances se rencontrent en septembre. Ces efforts concertés pour accroître la consultation dans les domaines de l'éducation, de l'aide au développement et du commerce montrent à quel point le gouvernement Diefenbaker est déterminé à veiller à ce que le Commonwealth demeure une organisation internationale vigoureuse et dynamique.

Au Moyen-Orient, le Canada joue tout au long de l'année 1959 un rôle plus actif et plus important que jamais auparavant sauf au moment de la crise de Suez. Cela s'explique principalement par la nomination, à l'automne 1958, d'Arnold Smith au poste d'ambassadeur du Canada en République arabe unie (RAU). Depuis 1956, ni le Royaume-Uni ni la France ne sont représentés au Caire, de sorte que le Canada dispose d'une liberté d'action nettement plus grande qu'à l'accoutumée. Aussi Smith est-il capable de nouer d'excellentes relations personnelles avec le président Gamal Abdel Nasser et d'autres membres du gouvernement égyptien, ce qui lui permet d'exercer une grande influence sur le cours des événements.

L'attention de la communauté internationale se tourne de nouveau vers l'Égypte en décembre 1958, lorsque Nasser accepte l'aide soviétique pour la construction du barrage d'Assouan. Certains craignent naturellement que la RAU ne tombe dans le giron soviétique, mais comme le souligne Smith en janvier 1959 (document 363), Nasser lui-même amorce un revirement à la suite des événements en Irak. La révolution de juillet 1958 ayant mené au renversement de la monarchie et du régime pro-occidental du premier ministre Nuri al Said, il appert de plus en plus que le nouveau premier ministre iraquien, Abdul Karim Qasim, est lié d'un peu trop près aux éléments communistes présents dans son pays. Soucieux de préserver l'autonomie de l'Irak, Qasim rejette la prétention de Nasser à se poser en leader du

efforts at increased consultation in the areas of education, aid, and trade demonstrate the Diefenbaker government's determination to ensure that the Commonwealth remained a vigorous and developing international association.

In the Middle East, Canada's role during 1959 was more active and important than at any previous time except the Suez crisis. This was due mainly to Arnold Smith, who was appointed as Canadian ambassador to the United Arab Republic in the fall of 1958. Since 1956 neither the United Kingdom nor France had been represented in Cairo, and Canada's scope for action was accordingly much greater than it would otherwise have been. Smith was able to establish excellent personal relations with President Gamal Abdul Nasser and other members of the Egyptian government, thus placing himself in a position to significantly influence events.

World attention had focused once more on Egypt in December 1958, when Nasser accepted Soviet aid for the building of the Aswan High Dam. Fears that the UAR would be drawn into the Soviet orbit naturally ensued, but as Smith pointed out in January 1959 (Document 363), Nasser himself was experiencing a change of heart due to events in Iraq. There the revolution of July 1958 had overthrown the monarchy and the pro-Western regime of Prime Minister Nuri al-Said. It increasingly appeared that the new Iraqi Prime Minister, Abdul Karim Qasim, was unduly reliant on Communist elements in his country. Qasim rejected Nasser's claims to leadership in the Arab world, preferring an independent stance for Iraq. In Smith's view, this situation presented a valuable opportunity for the West to mend its relations with the UAR. Early in 1959, the British and Egyptians finally arrived at a settlement of financial claims arising from the confiscation of British-owned property in 1956. This opened the way for the resumption of diplomatic relations between the two countries. Smith was actively involved in facilitating this outcome. He played an even more important role in the resumption of relations between the UAR and Australia, since Canada had acted as the protecting power for Australia after relations were broken off in 1956. Canada's reputation was accordingly so high in the Arab world that on a visit to Iraq, Smith was informed of the government's strong wish for Canadian representation in Baghdad (Document 372). In contrast, Canada's relations with Israel showed little positive development during 1959. In the dispute over Israel's right to use the Suez Canal, Canada's major concern was that the matter should not hinder better relations between the UAR and the West.

In the Far East, Canadian involvement continued to revolve around the International Commissions for Supervision and Control. The Laos Commission had been adjourned *sine die* in July 1958, but early in 1959 allegations that members of the ex-Pathet Lao faced persecution by the government of Prime Minister Phoui Sananikone were followed by border incidents between Laos and North Vietnam. Reconvening the Commission to deal with this situation was favoured from the outset by Poland and India, but firmly resisted by Canada. External Affairs officials generally concurred with the American belief that the North Vietnamese, Chinese,

monde arabe. Smith estime que cette situation offre aux pays occidentaux une excellente occasion d'améliorer leurs relations avec la RAU. Au début de 1959, les Britanniques et les Égyptiens s'entendent enfin sur le règlement des demandes de compensation qui ont suivi la confiscation des biens britanniques en 1956. Ce règlement ouvre la voie à une reprise des relations diplomatiques. Smith participe activement à ces efforts. Il joue un rôle encore plus important dans la reprise des relations entre la RAU et l'Australie, du fait que le Canada agit en qualité de puissance protectrice pour l'Australie depuis la rupture des relations en 1956. Le Canada jouit alors d'une réputation si grande dans le monde arabe que, lors d'une visite de Smith en Irak, le gouvernement dit souhaiter ardemment l'ouverture d'une mission canadienne à Bagdad (document 372). Par contre, les relations entre le Canada et Israël enregistrent peu de progrès pendant l'année 1959. Dans le différend relatif au droit d'Israël à utiliser le canal de Suez, le Canada se soucie surtout de ce que cette affaire ne nuise pas à l'amélioration des relations entre la RAU et l'Ouest.

En Extrême-Orient, le Canada continue d'exercer son action dans le contexte des Commissions internationales de surveillance et de contrôle. Les travaux de la Commission de surveillance au Laos sont suspendus indéfiniment en juillet 1958 mais, au début de 1959, des allégations selon lesquelles des membres de l'ancien Pathet Lao ont été persécutés par le gouvernement du premier ministre Phoui Sananikone provoquent des incidents frontaliers entre le Laos et le Nord-Vietnam. Dès le début de la crise, la Pologne et l'Inde réclament que la Commission se réunisse de nouveau pour tenter d'apporter une solution, mais le Canada s'y oppose fermement. De façon générale, les responsables du ministère des Affaires extérieures conviennent avec le gouvernement américain que le rétablissement de la Commission demandé par les Nord-Vietnamiens, les Chinois et les Soviétiques n'est qu'un stratagème destiné à saper l'influence américaine et à renforcer la leur. Soucieux de préserver la neutralité laotienne, les diplomates canadiens cherchent d'autres pistes de solution en collaborant activement avec le secrétaire général des Nations Unies, Dag Hammarskjöld.

Les fonctionnaires canadiens estiment également que la Commission de surveillance au Vietnam doit poursuivre ses activités « jusqu'à ce que reprennent les relations entre les deux pays ou que les Nations Unies remplacent la Commission dans son rôle d'intermédiaire[6] ». Le nouveau commissaire canadien, Price Erichsen-Brown, éprouve parfois de la difficulté à maintenir une apparence de neutralité, en particulier devant les provocations des Nord-Vietnamiens, dont la propagande affirme qu'un millier de prisonniers politiques ont été tués à Saïgon sur l'ordre des États-Unis. Depuis Ottawa, le sous-secrétaire d'État adjoint, John Holmes, le met en garde contre le risque d'une réaction exagérée dans de telles situations. Holmes lui-même est profondément irrité par une note dans laquelle les Américains sollicitent l'aide du Canada, notamment l'affectation d'effectifs additionnels au sein du MAAG (groupe consultatif d'aide militaire). Holmes estime qu'ils'agit d'« un document plutôt inquiétant en raison des tactiques de pression flagrantes qui le caractérisent » (document 435). Comme le confessent les Américains à Erichsen-Brown, la mission

[6] Note manuscrite de la Direction de l'Extrême-Orient à DL2, le 10 juin 1959, MAE 50052-40.

and Soviets wished to see the Commission re-established because they considered it as a way of curbing American influence and of strengthening their own. In the hope of preserving Laotian neutrality, Canada's diplomats sought other means of resolving the situation, working actively with UN Secretary-General Dag Hammarskjöld.

External Affairs officials believed that the Vietnam Commission would continue to be needed "until the two countries resume relations or until the Commission is replaced by the United Nations in its role as a go-between".[6] The new Canadian commissioner, Price Erichsen-Brown, at times found it difficult to maintain the appearance of neutrality, particularly in the face of such provocations as the North Vietnamese propaganda claim that a thousand political prisoners had been murdered in Saigon at the behest of the United States. From Ottawa, Assistant Under-Secretary of State John Holmes warned him against over-reacting on such matters. Holmes himself was infuriated by an American note soliciting Canadian help in augmenting the personnel of the Military Assistance Advisory Group (MAAG). Holmes described this as "a rather disturbing document because of the blatant pressure tactics it uses." (Document 435). As the Americans admitted to Erichsen-Brown, they had used the Temporary Equipment Recovery Mission (TERM) to bring additional MAAG personnel into South Vietnam. However, the Commission had called for TERM to end its existence in June 1959. Reluctantly, Ottawa agreed that Erichsen-Brown should advocate an extension of TERM.

By far the most dramatic events of 1959 in Latin America were the sudden fall of Cuban dictator Fulgencio Batista on January 1 and the formation of a revolutionary government dominated by Fidel Castro. Canada was quick to recognize the new regime, but harsh reprisals against Batista's supporters soon led to doubts about its character and potential for stability. When Castro briefly visited Montreal in April, he was enthusiastically greeted by crowds of well-wishers, but his coming was less welcome to the Prime Minister and to External Affairs. From Havana, Canadian Ambassador Hector Allard had warned that "Castro is fast becoming [a] victim of his own verbosity and also a tool of communist elements surrounding him" (Document 460). Nevertheless, Canada's attitude to the new government and its leader was far from being entirely negative. The letter of instruction to Allard's successor, Allan Anderson, noted that Castro had come to power not through "a mere change of guard at the top" but rather through "a deeply popular revolution." Anderson was instructed to "display as much patience and understanding as are compatible with your functions and seek ways to reconcile Canadian political and economic interests with a revolution which cannot be stabilized until the deep grievances that produced it have been redressed" (Document 466). Throughout 1959, the Conservative government's overriding aim was to maintain Canada's traditional good relations with Cuba.

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[6] Unprinted Memo to DL2 from Far Eastern Division, June 10 1959, DEA 50052-40.

provisoire de récupération du matériel (TERM) a permis d'accroître les effectifs du MAAG au Sud-Vietnam. Or, la Commission avait déjà demandé la dissolution de la TERM en juin 1959. C'est à contrecœur qu'Ottawa convient qu'Erichsen-Brown devrait appuyer la reconduction de la TERM.

En Amérique latine, les événements les plus dramatiques de l'année 1959 sont sans contredit le renversement soudain du dictateur cubain Fulgencio Batista, le 1er janvier, et la formation d'un gouvernement révolutionnaire dirigé par Fidel Castro. Le Canada n'hésite pas à reconnaître le nouveau régime, mais la répression brutale dont sont victimes les partisans de Batista fait rapidement douter de sa nature et de son aptitude à maintenir la stabilité. Lors d'une brève visite à Montréal en avril, Castro reçoit un accueil enthousiaste de nombreux sympathisants, mais le premier ministre et les responsables des Affaires extérieures se montrent plus réservés. Depuis La Havane, l'ambassadeur du Canada, Hector Allard, indique que « Castro devient rapidement victime de sa propre éloquence, ainsi que le jouet des éléments communistes qui l'entourent » (document 460). Il s'en faut toutefois de beaucoup pour que l'attitude du Canada envers le nouveau gouvernement et son leader soit entièrement négative. La lettre d'instructions adressée au successeur d'Allard, Allan Anderson, fait observer que Castro a accédé au pouvoir non pas à la suite « d'un simple remaniement à la tête de l'État » mais bien « d'une révolution profondément populaire ». De même, il est demandé à Anderson de « faire preuve d'autant de patience et de compréhension que le permet l'exercice de vos fonctions et de trouver les moyens de concilier les intérêts politiques et économiques du Canada avec un mouvement révolutionnaire que ne pourra se stabiliser que lorsque les injustices profondes qui l'ont engendré auront été redressées » (document 466). Tout au long de l'année 1959, le gouvernement conservateur s'attache avant tout à maintenir les bonnes relations que le Canada et Cuba entretiennent de longue date.

On assiste au cours de l'année 1959 à plusieurs changements au sein de la direction du ministère qui se répercutent sur la conduite des relations extérieures du Canada. Au lendemain du décès de Sidney Smith, le 17 mars, Diefenbaker occupe à titre intérimaire les fonctions de secrétaire d'État aux Affaires extérieures, jusqu'à la nomination de Howard Green, le 4 juin. Les titulaires des autres portefeuilles qui ont un rôle à jouer en politique étrangère restent cependant à leur poste : Donald Fleming, Gordon Churchill et Ellen Fairclough conservent leurs responsabilités aux ministères des Finances, du Commerce et de la Citoyenneté et de l'Immigration, respectivement. Pendant ses sept premiers mois à la tête des Affaires extérieures, Howard Green bénéficie grandement des conseils et de l'expérience de Norman Robertson, qui assume les fonctions de sous-secrétaire tout au long de l'année 1959. On ne trouve toutefois pas la même continuité aux autres postes de responsabilités du ministère à Ottawa. C'est ainsi que R.M. Macdonnell, qui exerce la charge de sous-secrétaire suppléant jusqu'à son départ du ministère, le 20 juillet 1959, ne sera remplacé qu'un an plus tard. Par ailleurs, deux des quatre sous-secrétaires adjoints sont remplacés en cours d'année. Douglas LePan quitte le ministère en mars, pour être remplacé par A.E Ritchie en septembre. W.D. Matthews, après son décès survenu en mars, est remplacé par E.W.T. Gill en avril. Les deux autres sous-

Several personnel changes affecting the conduct of Canadian external relations occurred during 1959. After the death of Sidney Smith on March 17, Diefenbaker served as acting Secretary of State for External Affairs until the appointment of Howard Green on June 4. Other Cabinet incumbents in portfolios dealing with foreign policy remained unchanged during 1959: Donald Fleming, Gordon Churchill, and Ellen Fairclough retained their ministerial positions at Finance, Trade and Commerce, and Citizenship and Immigration respectively. During his first seven months in the External Affairs portfolio, Howard Green benefited greatly from the advice and experience of Norman Robertson, who served as Under-Secretary throughout 1959. This continuity was not matched, however, in other senior departmental posts in Ottawa. R.M. Macdonnell served as Deputy Under-Secretary until he resigned from the Department on 20 July 1959; he was not replaced until July 1960. Two of the four Assistant Under-Secretaries were replaced during 1959. Douglas LePan left the Department in March 1959; A.E. Ritchie replaced him in September. W.D. Matthews, who died in March 1959; was replaced by E.W.T. Gill in April. The other two Assistant Under-Secretaries — John Holmes and Marcel Cadieux — remained in their positions throughout the period covered by this volume.

There were no major changes in representation at Canada's most important diplomatic posts abroad during 1959. Arnold Heeney was appointed Ambassador in Washington in January 1959; he replaced Norman Robertson, who had left Washington in October 1958 to assume his duties as Under-Secretary. George Drew and Chester Ronning remained in their High Commissioners' posts in the United Kingdom and India. Pierre Dupuy retained his ambassadorial post in Paris, as did Escott Reid in Bonn. Jules Léger continued to be Canada's Permanent Representative to the North Atlantic Council and Representative to the Organization for European Economic Cooperation. In New York, Charles Ritchie continued to serve as the Permanent Representative to the United Nations. David Johnson was Canada's Ambassador in Moscow throughout 1959.

Documents in this volume were selected primarily from the records of the Department of External Affairs and the Privy Council Office. Additional documents were chosen from the files of the departments of Finance, Trade and Commerce, and Citizenship and Immigration, and from the private papers of Cabinet ministers and senior government officials. In preparing the volume, the editors were given unrestricted access to the files of the Department of External Affairs and generous access to other collections. A complete list of the archival sources consulted to prepare this volume is found on page xxxiii.

The selection of documents in Volume 26 is guided by the general principles outlined in the Introduction to Volume 7 (pp. ix-xi), as amended in the Introduction to Volume 20 (p. xxiii). The series continues to attempt to provide a self-contained record of the major foreign policy decisions taken by the Government of Canada, by concentrating on Canada's most important bilateral and multilateral relationships and

secrétaires adjoints, John Holmes et Marcel Cadieux, occuperont leurs fonctions pendant toute la période visée par le présent volume.

Au chapitre de la représentation canadienne à l'étranger, on constate peu de changements dans les principales missions diplomatiques. Arnold Heeney est nommé ambassadeur du Canada à Washington en janvier, succédant ainsi à Norman Robertson, rentré à Ottawa en octobre 1958 pour y exercer les fonctions de sous-secrétaire. George Drew et Chester Ronning conservent leurs postes de haut-commissaire au Royaume-Uni et en Inde, respectivement. De même, Pierre Dupuy reste à Paris en qualité d'ambassadeur, tout comme son collègue Escott Reid, à Bonn. Jules Léger, quant à lui, poursuit son rôle de représentant permanent du Canada auprès du Conseil de l'Atlantique Nord et de représentant du Canada auprès de l'Organisation européenne de coopération économique. À New York, Charles Ritchie continue de diriger la délégation permanente du Canada auprès des Nations Unies. Enfin, David Johnson est l'ambassadeur du Canada à Moscou pendant toute l'année 1959.

Les documents consultés pour le présent volume proviennent principalement des archives du ministère des Affaires extérieures et du Bureau du conseil privé. D'autres proviennent des dossiers des ministères des Finances, du Commerce ainsi que de la Citoyenneté et de l'Immigration, outre les documents personnels des ministres du Cabinet et de hauts fonctionnaires. En cours de préparation, les rédacteurs ont bénéficié d'un accès illimité aux dossiers du ministère des Affaires extérieures et d'un excellent accès à d'autres collections. Une liste complète des documents figure à la page xxxiii.

Le choix des documents du volume 26 s'inspire des principes généraux énoncés dans l'introduction au volume 7 (pp. ix-ix), et modifiés dans l'introduction du volume 20 (p. xxiii). Les volumes de cette série visent à rendre compte, dans une même collection, des grandes décisions prises par le gouvernement du Canada en matière de politique étrangère en mettant l'accent sur les relations bilatérales et multilatérales les plus importantes ainsi que sur les grands dossiers de la politique internationale à l'égard desquels les membres du Cabinet et les hauts responsables ont été amenés à prendre des décisions de fond. Toutefois, pour des raisons d'espace et d'économie, nous nous sommes attachés à réduire davantage le nombre de documents reproduits dans le présent volume. Le nombre de conclusions du Cabinet qu'il renferme est moins élevé que dans les volumes précédents car ces documents sont maintenant diffusés sur le site Web de Bibliothèque et Archives Canada. Par ailleurs, certains passages et certains noms ont été omis de façon à respecter les dispositions de la *Loi sur l'accès à l'information* et de la *Loi sur la protection des renseignements personnels*. Ces suppressions sont signalées dans le texte.

Les signes typographiques sont les mêmes que ceux décrits dans l'introduction du volume 9 (p. xix). Une croix (†) indique un document canadien qui n'est pas imprimé. Les suppressions éditoriales sont signalées par une ellipse (...). L'expression « groupe corrompu » signale des problèmes de décryptage dans la transmission du télégramme original. Les mots et passages barrés par l'auteur, les notes dans la marge et les listes de destinataires sont indiqués en bas de page uniquement quand ils sont importants. Sauf indication contraire, on tient pour acquis

on the major international issues that directly involved Cabinet members and senior bureaucrats in substantive policy decisions. However, for reasons of space and economy, additional efforts have been made in this volume to reduce the number of documents. Fewer Cabinet Conclusions have been printed than in earlier volumes, since these records are now available on the website of Library and Archives Canada. Some passages and names have been omitted in accordance with the provisions of the Access to Information Act and the Privacy Act. These deletions are indicated in the documents.

The editorial apparatus employed in this volume remains identical to that described in the Introduction to Volume 9 (p. xix). A dagger (†) indicates a Canadian document that is not printed. Editorial excisions are shown by an ellipsis (...). The phrase "group corrupt" indicates decryption problems in the transmission of the original telegram. Words and passages that were struck out by the author, marginal notes, and distribution lists are reproduced as footnotes only when important. Unless otherwise indicated, it is assumed that documents have been read by the intended recipient. Proper and place names are standardized. The editors have silently corrected spelling, capitalization, and punctuation, as well as transcription errors whose meaning is clear from their context. All other editorial additions to the documents are indicated by the use of square brackets. Documents are reprinted in either English or French, depending on their original language.

The research for this volume was carried out by Ted Kelly, John Clearwater and Janice Cavell, with some assistance in the final stages from Jeff Noakes. As always, staff at Library and Archives Canada gave invaluable help and advice. The editors would especially like to thank Julie Attallah, Paulette Dozois, Loretta Barber, and Dave Smith. Ciuineas Boyle and Herb Barrett facilitated access to Privy Council Office records. Rob Paul and Jason Caldwell at the Diefenbaker Canada Centre in Saskatoon did everything they could to make Ted Kelly's research visit a pleasant and profitable one. Aline Gélineau typed and formatted the manuscript. Gail Kirkpatrick Devlin proofread it and produced the list of persons. The Translation Bureau at Foreign Affairs Canada provided the French versions of footnotes and other ancillary texts. Ted Kelly supervised the production of the volume, and as this is his last year with the Historical Section before retirement, the editors would like to pay tribute to his fine work on the series over the years.

Greg Donaghy, the general editor of the series, read the manuscript in its entirety, and offered many constructive suggestions. Mary Halloran and Hector Mackenzie both provided support and advice. The series would not be possible without the support of René Cremonese, the director of the Outreach Program and E-Communications Divison. The editors remain solely responsible for the final selection of documents.

que les documents ont été lus par leur destinataire. Les noms propres et les noms de lieu ont été standardisés. Les rédacteurs ont corrigé les fautes d'orthographe, de majuscule et de ponctuation, ainsi que les erreurs de transcription dont le sens est clair d'après le contexte. Tous les autres ajouts rédactionnels sont indiqués par des crochets. Les documents sont reproduits en anglais ou en français, selon la langue originale.

Ted Kelly, John Clearwater et Janice Cavell ont réalisé les recherches nécessaires à la publication de ce volume, avec l'aide de Jeff Noakes aux étapes finales. Comme par le passé, l'aide et les conseils prodigués par le personnel de Bibliothèque et Archives Canada ont été extrêmement précieux. Les rédacteurs souhaitent remercier tout spécialement Julie Attallah, Paulette Dozois, Loretta Barber et Dave Smith. Par ailleurs, l'accès aux archives du Bureau du conseil privé a été rendu possible grâce à Ciuineas Boyle et à Herb Barrett. Pour leur part, Rob Paul et Jason Caldwell, du Diefenbaker Canada Centre, à Saskatoon, ont tout mis en œuvre pour que le séjour que Ted Kelly y a effectué dans le cadre de ses recherches soit aussi agréable et utile que possible. Le manuscrit a été dactylographié et formaté par Aline Gélineau. Gail Kirkpatrick Devlin s'est chargée de la relecture de l'ensemble du manuscrit et a dressé la Liste des personnalités. Le service de traduction du Bureau de la traduction, à Affaires étrangères Canada (AEC), a produit le texte français des notes de bas de page, des légendes et des textes secondaires. Ted Kelly a quant à lui supervisé la production du volume. Comme il en est à sa dernière année à la Section historique, avant sa retraite, les rédacteurs souhaitent lui rendre un hommage particulier, pour l'excellence de sa contribution à cette série au fil des ans.

Greg Donaghy, le rédacteur en chef de la série, a lu l'ensemble du manuscrit, ce qui lui a permis de formuler de nombreux commentaires constructifs. Mary Halloran et Hector Mackenzie ont tous deux apporté leur concours et fourni des conseils. La publication de cette série ne serait pas possible sans le soutien de René Cremonese, à la tête de la Direction des programmes de sensibilisation et des communications électroniques. La responsabilité du choix des documents incombe exclusivement aux rédacteurs.

Enfin, nous souhaitons remercier nos familles de leur patience et de leur soutien : Alex, Cecily et Ben Cavell; Bina Mehta ainsi que Nikesh et Prem Mehta-Spooner; Robbie Stevenson.

Janice Cavell
Chapitres V à XI

Kevin Spooner
Chapitres I et III

Michael Stevenson
Chapitres II et IV

Finally, we would like to thank our families for their patience and support: Alex, Cecily and Ben Cavell; Bina Mehta and Nikesh and Prem Mehta-Spooner; and Robbie Stevenson.

Janice Cavell
Chapters V-XI

Kevin Spooner
Chapters I and III

Michael Stevenson
Chapters II and IV

PROVENANCE DES DOCUMENTS[1]
LOCATION OF DOCUMENTS[1]

Dossiers de l'ambassade du Canada à Washington, Bibliothèque et Archives Canada (RG 25 B2)	CEW	Canadian Embassy, Washington, Files, Library and Archives Canada (RG 25 B2)
Dossiers du ministère des Affaires extérieures, Bibliothèque et Archives Canada (RG 25)	DEA	Department of External Affairs Files, Library and Archives Canada (RG 25)
Dossiers du ministère des Finances, Bibliothèque et Archives Canada (RG 19)	DF	Department of Finance Files, Library and Archives Canada (RG 19)
Documents de Donald Fleming Bibliothèque et Archives Canada (MG 32 B9)	D.M.F.	Donald Fleming Papers Library and Archives Canada, (MG 32 B9)
Dossiers du ministère du Commerce, Bibliothèque et Archives Canada (RG 20)	DTC	Department of Trade and Commerce Files, Library and Archives Canada (RG 20)
Documents de Escott Reid Bibliothèque et Archives Canada (MG 31 E-46)	E.R.	Escott Reid Papers Library and Archives Canada (MG 31 E-46)
Documents de H. Basil Robinson Bibliothèque et Archives Canada (MG 31 E-83)	H.B.R.	H. Basil Robinson Papers Library and Archives Canada (MG 31 E-83)
Documents de Howard Green Bibliothèque et Archives Canada (MG 32 B-13)	H.C.G.	Howard Green Papers Library and Archives Canada (MG 32 B-13)
Documents de John Diefenbaker Centre Diefenbaker (le numéro du dossier suit le numéro de la série)	J.G.D/Series #	John Diefenbaker Papers Diefenbaker Centre (the file Number follows the series number)
Bureau du conseil privé– conclusions du cabinet et documents du Cabinet, Bibliothèque et Archives Canada (RG 2)	PCO	Privy Council Office– Cabinet Conclusions and Cabinet Documents, Library and Archives Canada (RG 2)
Autres documents des archives du BCP, Bibliothèque et Archives Canada (RG 2)	PCO/Vol. #	Other documents from PCO records, Library and Archives Canada (RG 2)

[1] Ceci est une liste des symboles utilisés pour indiquer la provenance des documents. Les cotes des collections déposées à la Bibliothèque et Archives Canada sont entre parenthèses.

This is a list of the symbols used to indicate the location of documents. The call numbers of collections deposited at the Library and Archives Canada are in parentheses.

LISTE DES ABRÉVIATIONS
LIST OF ABBREVIATIONS

AEC	Atomic Energy Commission (US)
AECL	Atomic Energy of Canada Limited
AFP	Agence France-Presse
ALN	National Liberation Army of Algeria (Armée de libération nationale)
AOT	Association of Overseas Territories
AP	Associated Press
ASW	Antisubmarine Warfare
ATA	Air Transport Association (of America)
AVRO	A.V. Roe & Co. Ltd.
BC	British Columbia
BEA	British European Airways
BMEWS	Ballistic Missile Early Warning System
BOAC	British Overseas Airways Corporation
BOMARC	Boeing-Michigan Aeronautical Centre
CBC	Canadian Broadcasting Corporation
CCOS	Chairman, Chiefs of Staff
CDC	Cabinet Defence Committee
Cdn	Canadian
CFA	Cease Fire Agreement
c.i.f.	Cost, Insurance and Freight
CINCNORAD	Commander in Chief, NORAD
CIR	Canada-India Reactor
CJS(L)	Canadian Joint Staff (London)
CLC	Commonwealth Liaison Committee
CMA	Canadian Manufacturers Association
CNR	Canadian National Railways
CNT	Canadian National Telegraph
CN(WI)S	Canadian National (West Indies) Steamships
CPS	Contracting Parties (GATT)
CPSU	Communist Party of the Soviet Union
CRO	Commonwealth Relations Office (UK)
CTC	Confederacion de Trajabadores de Cuba (Confederation of Cuban Workers)
DDP	Department of Defence Production
DEA	Department of External Affairs
DEW	Distant Early Warning
DL	Defence Liaison
DLF	Development Loan Fund (US)
DM/DND	Deputy Minister of Department of National Defence
DOT	Department of Transport
DRVN	Democratic Republic of Vietnam
ECAFE	Economic Commission for Asia and the Far East (United Nations)
ECE	Economic Commission for Europe (United Nations)
ECLA	Economic Commission for Latin America
ECM	Electronic Counter Measures
ECOSOC	Economic and Social Council of the United Nations
ECSC	European Coal and Steel Community
EEC	European Economic Community
EFTA	European Free Trade Area
EMA	European Monetary Agreement
ENEA	Ente Nazionale per l'Energia Atomica (National Agency for Atomic Energy, Italy)
EPU	European Payments Union
EST	Eastern Standard Time
EURATOM	European Atomic Energy Community
FAC	Foreign Assets Control (United States)
FAO	Food and Agriculture Organization

FAS	Foreign Agricultural Service (of the USDA)
FLN	Front de libération nationale (National Liberation Front, Algeria)
FO	Foreign Office (UK)
f.o.b.	Free on Board
FRUS	Foreign Relations of the United States
FTA	Free Trade Area
FUNU	Force d'urgence des Nations Unies
GATDEL	GATT Delegation (of Canada)
GATT	General Agreement on Tariffs and Trade
GDR	German Democratic Republic
GPRA	Provisional Government of the Algerian Republic (Gouvernement Provisionel de la République Algérienne)
GVN	Government of (South) Vietnam
HMCS	Her Majesty's Canadian Ship
HR	House Resolution
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
ICBM	Intercontinental Ballistic Missile
ICC	International Control Commission (Vietnam)
ICEM	Intergovernmental Committee for European Migration
ICJ	International Court of Justice
IDA	International Development Association
IDAE	Indian Department of Atomic Energy
i.e.	*ID EST* (that is)
IGY	International Geophysical Year
IJC	International Joint Commission (Canada- US)
IMCO	Inter-Governmental Maritime Consultative Organization
IMF	International Monetary Fund
INRA	Instituto Nacional de Reforma Agraria (National Agrarian Reform Institute of Cuba)
IRBM	Intermediate-Range Ballistic Missile
ITBM	Inter-Theatre Ballistic Missile
IWA	International Wheat Agreement
KVA	Kilovolt-Amperes
KW	Kilowatt
LPG	Liquid Petroleum Gases
MAAG	Military Assistance Advisory Group (US)
MAE	Ministère des Affaires Extérieures
MDAP	Mutual Defense Aid Program
MEP	Mahajana Eksath Peramuna (People's United Front of Ceylon)
MFN	Most Favoured Nation
MNA	Mouvement Nationale Algérien (National Algerian Movement)
MP	Member of Parliament
MRP	Mouvement républicain populaire (Popular Republican Movement of France)
NASA	National Aeronautics and Space Administration (United States)
NATO	North Atlantic Treaty Organization
NCCUC	National Conference of Canadian Universities and Colleges
NCO	Non-Commissioned Officer
NDP	National Democratic Party
NEB	National Energy Board
NLHX, or NLHS	Neo Lao Hac Xat, or Sat (Lao Patriotic Front)
NORAD	North American Air Defence Command
NRC	National Research Council
NRX	National Research Experimental
OAS	Organization of American States
OCDM	Office of Civil and Defense Mobilization (United States)
OECE	Organisation Européenne de Coopération Economique
OEEC	Organization for European Economic Cooperation

ONU	Organisation des Nations unies
OGL	Open General Licence
OTAN	Organisation du traité de l'Atlantique nord
PAC	Pan-African Congress
PAVN	People's Army of Vietnam
Permis	Permanent Mission
PL	Public Law
Pls Rpt	Please Repeat
PM	Prime Minister
PPA	Periodical Press Association
P.S.	Post Script
QANTAS	Queensland and Northern Territory Aerial Services Limited
QR	Quantitative Restriction
RAU	République Arabe Unie
RCAF	Royal Canadian Air Force
RCMP	Royal Canadian Mounted Police
RCN	Royal Canadian Navy
RLG	Royal Laotian Government
RSA	Republic of South Africa
SAC	Strategic Air Command (US)
SACEUR	Supreme Allied Commander, Europe (NATO)
SACLANT	Supreme Allied Commander, Atlantic (NATO)
SAGE	Semi-automatic Ground Environment
SEATO	Southeast Asia Treaty Organization
SFIO	Section française de l'internationale ouvrière
SHAPE	Supreme Headquarters, Allied Powers, Europe (NATO)
SMA	Senior Military Advisor
SOFA	Status of Forces Agreement
SSEA	Secretary of State for External Affairs
SSM	Surface-to-Surface Missile
SUNFED	Special United Nations Fund for Economic Development
SVC	Service Correction
SVM	South Vietnamese Mission
SVN	South Vietnam(ese)
T&C	Trade and Commerce, Department of
TASS	Telegraph Agency of the Soviet Union
TCA	Trans-Canada Airlines
TERM	Temporary Equipment Recovery Mission
TRIM	Training Relations Instruction Mission
UAR	United Arab Republic
UAS	United Arab States
UK	United Kingdom
UKAEA	United Kingdom Atomic Energy Authority
UN	United Nations
UNCURK	United Nations Commission for Unification and Rehabilitation of Korea
UNEF	United Nations Emergency Force
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGA	United Nations General Assembly
UNOGIL	United Nations Observation Group in Lebanon
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSCEAR	United Nations Scientific Committee on the Effects of Atomic Radiation
UP	United Press
US/ USA	United States (of America)
USAEC	United States Atomic Energy Commission
USAF	United States Air Force
USDA	United States Department of Agriculture

USS	United States Ship
USSEA	Under-Secretary of State for External Affairs
USSR	Union of Soviet Socialist Republics
W/C	Wing Commander
WHO	World Health Organization
WMO	World Meteorological Organization

LISTE DES PERSONNALITÉS
LIST OF PERSONS

ABBAS, Ferhat, président, Gouvernement provisoire de la République algérienne.

ACHESON, Dean, ancien secrétaire d'État des États-Unis.

ADAMS, Francis J., commissaire des États-Unis, Commission mixte internationale.

ADENAUER, Konrad, chancelier de la République fédérale d'Allemagne.

AIKEN, sénateur George D., (R-Vermont), président du Sénat des États-Unis.

ALLARD, Hector, ambassadeur à Cuba (-sept. 1959).

ALLEN, George V., directeur, Agence d'Information des États-Unis.

ANDERSON, Alan C., ambassadeur à Cuba (sept. 1959-).

ANDERSON, Robert B., secrétaire au Trésor des États-Unis.

ANDERSON, sénateur Clinton, (D-Nouveau-Mexique).

ANDREW, Arthur J., chargé d'Affaires, légation en Tchécoslovaquie.

ANDREWS, Lt.-Col., G.S., Arpenteur en chef, Ministère des Terres et des Forêts de la Colombie-Britannique.

ANSARI, Dr. S.S., président, CISC, Vietnam.

ARMSTRONG, Willis C., conseiller économique de l'ambassade des États-Unis.

ARON, professeur Raymond, Institut d'Études politiques and Sorbonne, Paris.

AROUTUNIAN, Amasap A., ambassadeur de l'Union soviétique.

BAL, maj.-gén. Tara Singh, président, CISC, Laos.

BALCER, Léon, procureur-général.

BANDARANAIKE, Solomon, premier ministre du Ceylan (-26 sept. 1959).

BARALT, Luis, ambassadeur de Cuba (jan. 1960-).

BARCO, James W., délégation des États-Unis à l'Assemblée générale des Nations Unies.

BARTON, W.H., conseiller, légation en Autriche, et gouverneur suppléant pour le Canada, Agence internationale de l'énergie atomique (-déc. 1959).

BATISTA, Fulgencio, président de Cuba (-1 jan. 1959).

ABBAS, Ferhat, President, Provisional Government of the Algerian Republic.

ACHESON, Dean, former Secretary of State of United States.

ADAMS, Francis J., United States Commissioner, IJC.

ADENAUER, Konrad, Chancellor of Federal Republic of Germany.

AIKEN, Senator George D., (R-Vermont), Speaker of Senate of United States.

ALLARD, Hector, Ambassador in Cuba (-Sept. 1959).

ALLEN, George V. Director, United States Information Agency.

ANDERSON, Alan C., Ambassador in Cuba (Sept. 1959-).

ANDERSON, Robert B., Secretary of the Treasury of United States.

ANDERSON, Senator Clinton, (D-New Mexico).

ANDREW, Arthur J., Chargé d'Affaires, Legation in Czechoslovakia.

ANDREWS, Lt.-Col., G.S., Surveyor-General, Department of Lands and Forests of British Columbia.

ANSARI, Dr. S.S., Indian Chairman, ICSC, Vietnam.

ARMSTRONG, Willis C., Economic Counsellor, Embassy of United States.

ARON, Professosr Raymond, Institut d'Études politiques and Sorbonne, Paris.

AROUTUNIAN, Amasasp A., Ambassador of Soviet Union.

BAL, Maj.-Gen. Tara Singh, Chairman, ICSC Laos.

BALCER, Léon, Solicitor-General.

BANDARANAIKE, Solomon, Prime Minister of Ceylon (-Sept. 26, 1959).

BARALT, Luis, Ambassador of Cuba (Jan. 1960-).

BARCO, James W., Delegation of United States to United Nations General Assembly.

BARTON, W.H., Counsellor, Legation in Austria and Alternate Governor for Canada of the International Atomic Energy Agency (-Dec. 1959).

BATISTA, Fulgencio, President of Cuba (-Jan. 1, 1959).

BEALE, Thomas, sous-secrétaire adjoint aux Affaires économiques, département d'État des États-Unis.

BEALE, Thomas, Deputy Assistant Under Secretary of State for Economic Affairs, Department of State of United States.

BECKER, Loftus, conseiller juridique, département d'État des États-Unis.

BECKER, Loftus, Legal Advisor, Department of State of United States.

BECK-FRIIS, Johan, représentant personnel du secrétaire-général des Nations Unies.

BECK-FRIIS, Johan, Personal Representative of Secretary-General of United Nations.

BEELEY, Harold, représentant suppléant, délégation du Royaume-Uni à l'Assemblée générale des Nations Unies.

BEELEY, Harold, Alternate Representative, Delegation of United Kingdom to United Nations.

BELANGER, M.F., Direction des Ressources et Développement, ministère des Finances.

BELANGER, M.F., Resources and Development Division, Department of Finance.

BEN GURION, David, premier ministre et ministre de la Défense de l'Israël.

BEN GURION, David, Prime Minister and Minister of Defence of Israel.

BENHABYLES, Cherif, sénateur algérien assassiné par le FLN à la fin d'août 1959.

BENHABYLES, Cherif, Algerian senator assassinated by FLN at end of August 1959.

BENSON, Ezra Taft, secrétaire à l'Agriculture des États-Unis.

BENSON, Ezra Taft, Secretary of Agriculture of United States.

BERNARDES, C.A., président du Conseil d'administration, Agence internationale de l'énergie atomique.

BERNARDES, C.A., Chairman of Board of Governors, IAEA.

BETANCOURT, Romulo, président du Venezuela.

BETANCOURT, Romulo, President of Venezuela.

BHABHA, Dr. Homi J., président, Atomic Energy Commission of India et secrétaire, Ministère de l'Énergie atomique de l'Inde.

BHABHA, Dr. Homi J., Chairman, Atomic Energy Commission of India; Secretary, Department of Atomic Energy of India.

BING, Geoffrey, procureur-général du Ghana.

BING, Geoffrey, Attorney-General of Ghana.

BISHOP, sir George S., vice-président, Conseil international sur le blé.

BISHOP, Sir George S., Vice Chairman, International Wheat Council.

BIZRI, général Afif al-, commandant des forces armées de Syrie.

BIZRI, General Afif al-, Officer Commanding the Armed Forces of Syria.

BLACK, Eugene, président de la Banque internationale pour la reconstruction et le développement.

BLACK, Eugene, President, International Bank for Reconstruction and Development.

BONNER, R.W., solliciteur-général de la Colombie-Britannique.

BONNER, R.W., Attorney-General of British Columbia.

BOOTH, Dr. J.F., directeur, Direction économique, ministère de l'Agriculture.

BOOTH, Dr. J.F., Director, Economics Division, Department of Agriculture.

BORISOV, Sergey A., chef de la délégation de l'Union soviétique à la Commission économique des Nations Unies pour l'Europe.

BORISOV, Sergey A. Head, Soviet Delegation, United Nations Economic Commission for Europe.

BOURGUIBA, Habib, président de la Tunisie.

BOURGUIBA, Habib, President of Tunisia.

BOWLES, Chester, (D – Connecticut); ancien ambassadeur des États-Unis en Inde.

BOWLES, Chester, (D – Conneticut); former Ambassador of United States in India.

BOYESEN [BOYSEN], Jens Mogens, représentant permanent de la Norvège, Conseil de l'Atlantique du Nord.

BOYESEN [BOYSEN], Jens Mogens, Permanent Representative of Norway to North Atlantic Council.

BRADLEY, général Omar, ancien chef d'état-major des États-Unis.

BRADSHAW, J.P., délégué des Antilles au Conseil économique consultatif du Commonwealth.

BROOK, sir Norman, secrétaire du Cabinet du Royaume-Uni.

BROWN, H. Leslie, sous-ministre adjoint (service des commissaires commerciaux), ministère du Commerce.

BROWNE, John F., député – (PC - Vancouver-Kingsway).

BRUCH, Gaspar, chef d'état-major de la marine cubaine (jan. 1959-).

BRYCE, R.B., greffier du Conseil privé et secrétaire du Cabinet.

BURGESS, W. Randolph, représentant permanent des États-Unis, Conseil de l'Atlantique Nord.

BURNS, lieut.-gén. E.L.M., commandant, Force d'urgence des Nations Unies.

BURNS, T.M., première secrétaire (commercial), ambassade aux États-Unis.

BURWASH, Dorothy, 1ère Direction économique.

BUTLER, B.C., ministre (commercial), haut-commissariat au Royaume-Uni.

BUTLER, Keith S., premier secrétaire, Foreign Office du Royaume-Uni.

BUTLER, Michael D., premier secrétaire, Foreign Office du Royaume-Uni.

BYRNS, Kenneth A., agent responsable des Affaires canadiennes, Bureau des Affaires du Commonwealth britannique et d'Europe nord, département d'État des États-Unis.

CADIEUX, Marcel, sous-secrétaire d'État adjoint aux Affaires extérieures et conseiller juridique.

CAHAN, J.F., secrétaire-général suppléant, OECE.

CAMPBELL, A.G., Direction des Nations Unies.

CAMPBELL, maréchal de l'air H.L., chef d'état-major de la Force aérienne.

CAMPBELL, Ross, adjoint spécial au secrétaire d'État aux Affaires extérieures.

CANELLOPOULOS, Panayiotis, ministre des Affaires étrangères de la Grèce.

CANTILLO PORRAS, général Eulogio A., chef d'état-major de l'armée du Cuba (-jan. 1959).

CARDONA, Dr. José Miro, premier ministre de Cuba (jan.- fév. 1959).

BRADLEY, General Omar, former Chief of Staff of United States.

BRADSHAW, J.P., Delegate of West Indies to Commonwealth Economic Consultative Council.

BROOK, Sir Norman, Secretary to Cabinet of United Kingdom.

BROWN, H. Leslie, Assistant Deputy Minister (Trade Commissioner Service), Department of Trade and Commerce.

BROWNE, John F., M.P. (P.C.- Vancouver-Kingsway).

BRUCH, Gaspar, Chief of Navy of Cuba (Jan. 1959-).

BRYCE, R.B., Clerk of Privy Council and Secretary to Cabinet.

BURGESS, W. Randolph, Permanent Representative of United States to North Atlantic Council.

BURNS, Lt.-Gen. E.L.M., Commander, United Nations Emergency Force.

BURNS, T.M., First Secretary (Commerical), Embassy in United States.

BURWASH, Dorothy, Economic (1) Division.

BUTLER, B.C., Minister (Commercial), High Commission in United Kingdom.

BUTLER, Keith S., First Secretary, Foreign Office of United Kingdom.

BUTLER, Michael D., First Secretary, Foreign Office of the United Kingdom.

BYRNS, Kenneth A., Officer in Charge of Canadian Affairs, Office of British Commonwealth and Northern European Affairs, Department of State of United States.

CADIEUX, Marcel, Assistant Under-Secretary of State for External Affairs and Legal Advisor.

CAHAN, J.F., Deputy Secretary-General, OEEC.

CAMPBELL, A.G., United Nations Division.

CAMPBELL, Air Marshal H.L., Chief of Air Staff.

CAMPBELL, Ross, Special Assistant, Office of Secretary of State for External Affairs.

CANELLOPOULOS, Panayiotis, Minister of Foreign Affairs of Greece.

CANTILLO PORRAS, General Eulogio A., Chief of Staff of Army of Cuba (-Jan. 1959).

CARDONA, Dr. José Miro, Prime Minister of Cuba (Jan.- Feb. 1959).

CARRILLO, Carlos, ambassadeur de Cuba (-avr. 1959).

CARTER, Thomas LeMesurier, ancien commissaire canadien, CISC, Vietnam.

CASEY, Richard G., ministre des Affaires extérieures de l'Australie.

CASSON, Peter, représentant spécial du haut-commissaire pour les réfugiés au Canada.

CASTRO, Fidel, premier ministre de Cuba (fév. 1959-).

CASTRO, Raul, ministre de la Défense de Cuba (jan. 1959-).

CAVELL, R.G. (Nik), haut-commissaire au Ceylan.

CAWTHORN, maj.-gén. sir Walter, haut-commissaire de l'Australie.

CHANDERLI, Abdelkadar, représentant à New York du Front de libération nationale de l'Algérie.

VOIR TCHANG KAI-CHEK.

VOIR TCHOU EN-LAI.

CHRISTOFAS, Kenneth C., mission du Royaume-Uni auprès de la Communauté économique européenne.

CHURCHILL, Gordon M., ministre du Commerce.

CHURCHILL, Randolph, journaliste et homme politique britannique.

CHUVAHIN, D.S., ancien ambassadeur de l'Union soviétique.

CLEVELAND, J.H., chef, Direction de l'Amérique.

COCKE, Erle Jr., représentant suppléant, délégation des États-Unis à l'Assemblée générale des Nations Unies.

COLE, Sterling, directeur-général, Agence internationale de l'énergie atomique.

COLLINS, R.E., chef, Direction de l'Extrême-Orient.

CONNELL, Ray, ministre des Travaux publiques de l'Ontario.

COOLIDGE, Charles A., directeur, Group d'étude mixte sur le désarmement des États-Unis.

CÔTÉ, E.A., sous-ministre adjoint des Affaires du Nord et des Ressources nationales.

COUILLARD, J. Louis, ambassadeur au Venezuela.

COUVE DE MURVILLE, Maurice, ministre des Affaires étrangères de la France.

CARRILLO, Carlos, Ambassador of Cuba (-Apr. 1959).

CARTER, Thomas LeMesurier, former Commissioner, ICSC, Vietnam.

CASEY, Richard G., Minister of External Affairs of Australia.

CASSON, Peter, Special Representative of High Commissioner on Refugees in Canada.

CASTRO, Fidel, Prime Minister of Cuba (Feb. 1959-).

CASTRO, Raul, Minister of Defense of Cuba (Jan. 1959-).

CAVELL, R.G. (Nik), High Commissioner in Ceylon.

CAWTHORN, Major-General Sir Walter, High Commissioner of Australia.

CHANDERLI, Abdelkader, Representative in New York of FLN, Algeria.

CHIANG KAI-SHEK, Generalissimo, President of Republic of China.

CHOU EN-LAI, Prime Minister and Foreign Minister of People's Republic of China.

CHRISTOFAS, Kenneth C., Mission of United Kingdom to European Economic Community.

CHURCHILL, Gordon M., Minister of Trade and Commerce.

CHURCHILL, Randolph, British journalist and politician.

CHUVAHIN, D.S., former Ambassador of Soviet Union.

CLEVELAND, J.H., Head, American Division.

COCKE, Erle Jr., Alternate Representative, Delegation of United States to United Nations General Assembly.

COLE, Sterling, Director General, IAEA.

COLLINS, R.E., Head, Far East Division.

CONNELL, Ray, Minister of Public Works of Ontario.

COOLIDGE, Charles A., Director, Joint Disarmament Study Group of United States.

CÔTÉ, E.A., Assistant Deputy Minister of Northern Affairs and National Resources.

COUILLARD, J.Louis, Ambassador in Venezuela.

COUVE DE MURVILLE, Maurice, Minister of Foreign Affairs of France.

COVEL, T.E., vice-président, Aluminum Sales Ltée.

COVEL, T.E., Vice-President of Aluminum Sales Ltd.

CRAWFORD, sir John, secrétaire, Ministère du Commerce de l'Australie.

CRAWFORD, Sir John, Secretary, Department of Trade, Australia.

CREAN, G.G., ministre, ambassade en France.

CREAN, G.G., Minister, Embassy in France.

CROWE, M.A., chef, 1ère Direction économique.

CROWE, M.A., Head, Economic (1) Division.

CROWE, Colin, chef, mission du Royaume-Uni en République arabe unie; chargé d'affaires (déc. 1959-).

CROWE, Colin, Head of United Kingdom Mission in United Arab Republic; Chargé d'Affaires (Dec. 1959-).

CUMMING-BRUCE, Francis, haut-commissaire suppléant du Royaume-Uni.

CUMMING-BRUCE, Francis, Deputy High Commissioner of United Kingdom.

DANSEREAU, J. Lucien, commissaire canadien, Commission mixte internationale.

DANSEREAU, J. Lucien, Canadian Commissioner, IJC.

DAVIS, Henry F., chef, Direction européenne.

DAVIS, Henry F., Head, European Division.

DAY, Archibald, chef, Direction des recherches historiques.

DAY, Archibald, Head, Historical Division.

DE GAULLE, général Charles, président de la France.

DE GAULLE, General Charles, President of France.

DE SILVA, William, ministre de l'Industrie et des Pêcheries du Ceylan (- 18 mai 1959).

DE SILVA, William, Minister of Industries and Fisheries of Ceylon (-May 18, 1959).

DE VAUCELLES, Pierre, représentant suppléant, délégation de la France à l'Assemblée générale des Nations Unies.

DE VAUCELLES, Pierre, Alternate Representative, Delegation of France to the United Nations General Assembly.

DEAN, Arthur H., avocat, Sullivan & Cromwell, New York et chef de la délégation des États-Unis à la Conférence sur le droit de la mer.

DEAN, Arthur H., Lawyer, Sullivan & Cromwell, New York and Chairman, Delegation of United States to Conference on the Law of the Sea.

DEBRÉ, Michel, premier ministre de la France.

DEBRÉ, Michel, Prime Minister of France.

DÉJOIE, Louis, chef, Parti Agricole et Industriel National – PAIN, d'Haïti.

DÉJOIE, Louis, leader, National Agricultural Industrial Party (Parti Agricole et Industriel National – PAIN) of Haiti.

DELOUVRIER, Paul, délégue-général de la France en Algérie.

DELOUVRIER, Paul, Delegate General of France in Algeria.

DELWORTH, Thomas, adjoint au secrétaire parlementaire, Bureau du secrétaire d'État aux Affaires extérieures.

DELWORTH, Thomas, Assistant to the Parliamentary Secretary, Office of the Secretary of State for External Affairs.

DESAI, M.J., secrétaire aux Affaires du Commowealth, ministère des Affaires extérieures de l'Inde.

DESAI, M.J., Commonwealth Secretary, Ministry of External Affairs of India.

DEWAR, D.B., Bureau du Conseil privé.

DEWAR, D.B., Privy Council Office.

DEWOLF, vice-amiral H.G., chef d'état-major de la marine.

DEWOLF, Vice-Admiral H.G., Chief of Naval Staff.

DIEFENBAKER, John G., premier ministre.

DIEFENBAKER, John G., Prime Minister.

DIEM, Ngo Dinh, président de la République du Vietnam.

DIEM, Ngo Dinh, President of Republic of Vietnam.

DILLON, C. Douglas, sous-secrétaire adjoint aux Affaires économiques, département d'État des États-Unis.

DILLON, C. Douglas, Deputy Under Secretary of State for Economic Affairs, Department of State of United States.

DIRKSEN, sénateur Everett, (R-Illinois).

DIXON, sir Pierson, représentant permanent du Royaume-Uni auprès des Nations Unies.

DOUGLAS, sénateur Paul, (D-Illinois).

DREW, George A., haut-commissaire au Royaume-Uni.

DRINKALL, John Kenneth, département de l'Ouest, Foreign Office du Royaume-Uni.

DROUIN, sénateur Mark, R., président du Sénat.

DULLES, John Foster, secrétaire d'État des États-Unis (-mai 1959).

DUNLAP, vice-maréchal de l'air Clarence R., adjoint au chef d'état-major, Grand Quartier général des Puissances alliées en Europe.

DUPUIS, Dr. R. ingénieur en chef, Commission hydroélectrique de Québec.

DUPUY, Pierre, ambassadeur en France.

DURBROW, Elbridge, ambassadeur des États-Unis en République du Vietnam.

DUVALIER, François, président du Haïti.

EASTWOOD, C.B., sous-secrétaire, Office des colonies du Royaume-Uni.

ECCLES, sir David, président, chambre de commerce du Royaume-Uni (-oct. 1959).

EDEN, Anthony, ancien premier ministre du Royaume-Uni.

EISENHOWER, Dwight D., président des États-Unis.

ENGEN, Hans, ministre des Affaires étrangères de la Norvège.

ENGLISH, John, sous-ministre, ministère du Commerce.

ERHARD, Dr. Ludwig, ministre des Affaires économiques de la République fédérale d'Allemagne.

ERICHSEN-BROWN, J.P., commissaire canadien, CISC, Vietnam.

ETZEL, Dr. Franz, ministre des Finances, République fédérale de l'Allemagne.

EYTAN, Dr. Walter, directeur général, ministère des Affaires étrangères de l'Israël.

FAIRCLOUGH, Ellen, ministre de la Citoyenneté et de l'Immigration.

FANFANI, Amintore, premier ministre de l'Italie.

DIRKSEN, Senator Everett, (R-Illinois).

DIXON, Sir Pierson, Permanent Representative of United Kingdom to United Nations.

DOUGLAS, Senator Paul, (D-Illinois).

DREW, George A., High Commissioner in United Kingdom.

DRINKALL, John Kenneth, Western Department, Foreign Office of United Kingdom.

DROUIN, Senator Mark R., Speaker of the Senate.

DULLES, John Foster, Secretary of State of United States (-May 1959).

DUNLAP, Air Vice-Marshal Clarence R., Assistant to the Chief of Staff, Supreme Headquarters, Allied Powers Europe.

DUPUIS, Dr. R., Chief Engineer, Quebec Hydro-Electric Commission.

DUPUY, Pierre, Ambassador in France.

DURBROW, Elbridge, Ambassador of United States in Republic of Vietnam.

DUVALIER, François, President of Haiti.

EASTWOOD, C.B., Under-Secretary, Colonial Office of United Kingdom.

ECCLES, Sir David, President, Board of Trade of United Kingdom (-Oct. 1959).

EDEN, Anthony, former Prime Minister of United Kingdom.

EISENHOWER, Dwight D., President of United States.

ENGEN, Hans, Minister of Foreign Affairs of Norway.

ENGLISH, John, Deputy Minister, Department of Trade and Commerce.

ERHARD, Dr. Ludwig, Minister of Economic Affairs, Federal Republic of Germany.

ERICHSEN-BROWN, J.P., Commissioner, ICSC, Vietnam.

ETZEL, Dr. Franz, Minister of Finance, Federal Republic of Germany.

EYTAN, Dr. Walter, Director General, Ministry of Foreign Affairs of Israel.

FAIRCLOUGH, Ellen, Minister of Citizenship and Immigration.

FANFANI, Amintore, Prime Minister of Italy.

FARLEY, Philip J., adjoint spécial des Affaires du désarmement et d'énergie atomique au secrétaire d'État des États-Unis.

FAUZI, général Muhammad, ministre de Guerre de la République arabe unie.

FAWZI, Dr. Mahmoud, ministre des Affaires étrangères de la République arabe unie.

FEAVER, H.F., chef, Direction du Protocole.

FERRER, Capt. Eduardo, inspecteur général des Forces aériennes du Cuba (jan. 1959-).

FIGUERES, José, ancien président du Costa Rica.

FLEMING, Donald, ministre des Finances.

FOOT, sir Hugh, gouverneur de la Chypre.

FORD, R.A.D., ambassadeur en Yougoslavie.

FORTHOMME, Pierre A.P., directeur général pour le Commerce extérieur, ministère des Affaires étrangères et du Commerce extérieur de la Belgique.

FORTIER, colonel Laval, sous-ministre de la Citoyenneté et de l'Immigration.

FOSTER, Paul E., directeur général adjoint pour les Activités internationales, département d'État des États-Unis.

FOULKES, lieutenant-général Charles, président du Comité des chefs d'état-major.

FROST, Leslie, premier ministre de l'Ontario.

FULTON, E. Davey, ministre de la Justice.

GACHON, Jean, correspondant, Agence France-Presse.

GALLANT, E., conseiller, ambassade en Belgique.

GARDNER, Richard H., diplomate australien occupant le post de deuxième secrétaire à l'ambassade du Canada en République arabe unie.

GARNER, sir Joseph John Saville, haut-commissaire du Royaume-Uni.

GATES, Thomas S. Jr., sous-secrétaire à la Défense des États-Unis.

GAUVIN, Michel, 1ère Direction de liaison avec la Défense.

GEORGES-PICOT, Guillaume, représentant permanent de la France auprès des Nations Unies.

GHALIB, Mourad, conseiller, ministre des Affaires étrangères, République arabe unie.

GIAP, voir VO NGUYEN GIAP.

GILBERT, E. V., Direction de l'excavation maritime, ministère des Travaux publics.

FARLEY, Philip J., Special Assistant to Secretary of State of United States for Disarmament and Atomic Energy Affairs.

FAUZI, General Muhammad, Minister of War, United Arab Republic.

FAWZI, Dr. Mahmoud, Foreign Minister of United Arab Republic.

FEAVER, H.F., Head, Protocol Division.

FERRER, Capt. Eduardo, Inspector General of Air Force of Cuba (Jan. 1959-).

FIGUERES, José, former President of Costa Rica.

FLEMING, Donald, Minister of Finance.

FOOT, Sir Hugh, Governor of Cyprus.

FORD, R.A.D., Ambassador in Yugoslavia.

FORTHOMME, Pierre A.P., Director General for Foreign Trade, Ministry of Foreign Affairs and Foreign Trade, Belgium.

FORTIER, Colonel Laval, Deputy Minister of Citizenship and Immigration.

FOSTER, Paul E., Assistant General Manager for International Activities, Department of State of United States.

FOULKES, Lt.-Gen. Charles, Chairman, Chiefs of Staff Committee.

FROST, Leslie, Premier of Ontario.

FULTON, E. Davey, Minister of Justice.

GACHON, Jean, correspondent, Agence France-Presse.

GALLANT, E., Counsellor, Embassy in Belgium.

GARDNER, Richard H., Australian diplomat serving as Second Secretary at Embassy in United Arab Republic.

GARNER, Sir Joseph John Saville, High Commissioner of United Kingdom.

GATES, Thomas S. Jr., Deputy Secretary of Defense of United States.

GAUVIN, Michel, Defence Liaison (1) Division.

GEORGES-PICOT, Guillaume, Permanent Representative of France to United Nations.

GHALIB, Mourad, Counsellor, Ministry of Foreign Affairs, United Arab Republic.

GIAP, See VO NGUYEN GIAP.

GILBERT, E.V., Marine Excavation Division, Department of Public Works.

GILCHRIST, W.M., président, Eldorado Mining and Refining Ltée.

GILL, Evan, haut-commissaire au Ghana.

GILMOUR, E.H., Direction des Affaires consulaires.

GOLDEN, David, sous-ministre de la Production pour la défense.

GOMULKA, Wladyslaw, premier secrétaire du Comité central du Parti des Ouvriers unifiés (communist) de la Pologne.

GORALSKI, W., commissaire polonais, CISC, Vietnam.

GOTLIEB, A.E., Direction juridique.

GRANDE, George, conseiller et consul, mission militaire à Berlin.

GRANDY, J.F., conseiller (finances), haut-commissariat au Royaume-Uni.

GRAY, J.L., président, Énergie atomique du Canada Ltée.

GREEN, Howard, ministre des Travaux publiques; secrétaire d'État aux Affaires extérieures (juin 1959-).

GREGH, François-Didier, secrétaire général adjoint, Affaires économiques et financières, Secrétariat de l'OTAN.

GREY, R.Y., chef, 1ère Direction économique.

GROMYKO, Andrei, ministre des Affaires étrangères de l'Union soviétique.

GRONDIN, Gilles, représentant canadien, CISC Hanoï, Vietnam (nov. 1959-).

GUEVARA, Ernesto « Che », Commandant de la prison forteresse La Cabaña à Cuba (jan. 1959-).

GUNAWARDENA, Philip, ministre de l'Agriculture du Ceylan (-18 mai 1959).

HADID, Muhammad, ministre des Finances de l'Irak.

HADJ, Messali, chef, Mouvement National Algérien (MNA).

HALLSTEIN, professeur Walter, président, Commission de Communauté économique européenne.

HALSTEAD, John, conseiller, mission permanente auprès des Nations Unies.

HAMILTON, Alvin, ministre des Affaires du Nord et des Ressources nationales.

HAMILTON, Thomas, correspondant, *The New York Times*.

GILCHRIST, W.M., President, Eldorado Mining and Refining Ltd.

GILL, Evan, High Commissioner in Ghana.

GILMOUR, E.H., Consular Division.

GOLDEN, David, Deputy Minister of Defence Production.

GOMULKA, Wladyslaw, First Secretary of Central Committee, United Workers Party (Communist) of Poland.

GORALSKI, W., Polish Commissioner, ICSC, Vietnam.

GOTLIEB, A.E., Legal Division.

GRANDE, George, Counsellor and Consul, Military Mission in Berlin.

GRANDY, J.F., Counsellor (Finance), High Commission in United Kingdom.

GRAY, J.L., President, Atomic Energy Canada Ltd.

GREEN, Howard, Minister of Public Works; Secretary of State for External Affairs (June 1959-).

GREGH, Francois-Didier, Assistant Secretary General for Economic and Financial Affairs, NATO Secretariat.

GREY, R.Y., Head, Economic (1) Division.

GROMYKO, Andrei, Minister of Foreign Affairs of Soviet Union.

GRONDIN, Gilles, Canadian Representative, Hanoi bureau, ICSC, Vietnam (Nov. 1959-).

GUEVARA, Ernesto "Che", Commander, La Cabana Fortress prison in Cuba (Jan. 1959-).

GUNAWARDENA, Philip, Minister of Agriculture of Ceylon (-May 18, 1959).

HADID, Muhammad, Minister of Finance of Iraq.

HADJ, Messali, leader of Mouvement National Algérien (MNA).

HALLSTEIN, Professor Walter, President of the Commission of the European Economic Community.

HALSTEAD, John, Counsellor, Permanent Mission to United Nations.

HAMILTON, Alvin, Minister of Northern Affairs and National Resources.

HAMILTON, Thomas, correspondent, *The New York Times*.

HAMMARSKJÖLD, Dag, secrétaire général des Nations Unies.

HANNAH, Dr. John A., ancien président, section américaine, Commission permanente canado-américaine de défense.

HARDY, C., Direction de l'Amérique.

HARE, Raymond A., ambassadeur des États-Unis en République arabe unie.

HARE, John Hugh, ministre de l'Agriculture du Royaume-Uni.

HARKNESS, Douglas, ministre d'Agriculture.

HARKORT, Peter G., chef, Direction commerciale, ministre des Affaires étrangères de la République fédérale d'Allemagne.

HARRIMAN, Averill, ancien ambassadeur des États-Unis en Union soviétique.

HEATHCOAT-AMORY, Derick, chancelier de l'Échiquier du Royaume-Uni.

HEENEY, A.D.P., ambassadeur aux États-Unis.

HEES, George, ministre des Transports.

HENDRICK, vice-maréchal de l'air M.M., président, état-major interarmes du Canada aux États-Unis.

HEPPEL, Richard P., chef, département de l'Asie du Sud-Est, Foreign Office du Royaume Uni.

HERRINGTON, W.C., département d'État des États-Unis; adjoint spécial au sous-secrétaire à la Pêche et à la Faune.

HERTER, Christian A., sous-secrétaire d'État et président, Conseil de coordination des activités, département d'État des États-Unis (-mai 1959); secrétaire d'État.

HILLER, G.F., chef, département de l'Est, Foreign Office du Royaume-Uni.

HODGSON, Dr. J.S., Bureau du Conseil privé.

HOLDEN, Dr. O., ingénieur en chef, Commission hydroélectrique de l'Ontario.

HOLMES, John W., sous-secrétaire d'État adjoint aux Affaires extérieures.

HOME, Lord Alexander Frederick Douglas, secrétaire d'État des Relations avec le Commonwealth du Royaume-Uni.

HORWOOD, J.A., Direction des Affaires consulaires.

HOURSTON, W. R., chef, Direction générale du développement de la pisciculture, ministère des Pêcheries.

HAMMARSKJÖLD, Dag, Secretary General of United Nations.

HANNAH, Dr. John A., former Chairman, United States Section, PJBD.

HARDY, C., American Division.

HARE, Raymond A., Ambassador of United States in United Arab Republic.

HARE, John Hugh, Minister of Agriculture, United Kingdom.

HARKNESS, Douglas, Minister of Agriculture.

HARKORT, Peter G., Head of Commercial Department, Ministry of Foreign Affairs, Federal Republic of Germany.

HARRIMAN, Averill, former Ambassador of United States in Soviet Union.

HEATHCOAT-AMORY, Derick, Chancellor of the Exchequer of United Kingdom.

HEENEY, A.D.P., Ambassador in United States.

HEES, George, Minister of Transport.

HENDRICK, Air Vice Marshal M.M., Chairman, Canadian Joint Staff in United States.

HEPPEL, Richard P., Head, South East Asia Department, Foreign Office of United Kingdom.

HERRINGTON, W.C., Department of State of United States, Special Assistant to Under Secretary of Fisheries and Wildlife.

HERTER, Christian A., Under Secretary of State and Chairman, Operations Coordinating Board, Department of State of United States (-May 1959); Secretary of State of United States.

HILLER, G.F., Head, Eastern Department, Foreign Office of United Kingdom.

HODGSON, Dr. J.S., Privy Council Office.

HOLDEN, Dr. O., Chief Engineer, Ontario Hydro Electric Commission.

HOLMES, John W., Assistant Under-Secretary of State for External Affairs.

HOME, Lord Alexander Frederick Douglas, Secretary of State for Commonwealth Relations of United Kingdom.

HORWOOD, J.A., Consular Division.

HOURSTON, W.R., Chief, Fish Culture Development Branch, Department of Fisheries.

HUNT, D.W.S., sous-secrétaire, Office des Relations avec le Commonwealth du Royaume-Uni.

HUSSEIN, roi de la Jordanie.

HYNDMAN, J.E., 1ère Direction économique.

IRWIN, J.N., secrétaire adjoint à la défense des Affaires relatives à la sécurité internationale des États-Unis.

ISBISTER, C.M., sous-ministre adjoint, ministère du Commerce.

JAMES, John M.C., haut-commissaire suppléant du Royaume-Uni en Inde.

JAMES, Dr. F. Cyril, président de l'Université McGill.

JARVIS, G. M., avocat général, Énergie atomique du Canada Ltée.

JAWAD, Hashim, représentant permanent de l'Irak auprès des Nations Unies.

JHA, C.S., représentant permanent de l'Inde auprès des Nations Unies.

JOHNSON, Daniel, ministre des Ressources hydrauliques du Québec.

JOHNSON, David, ambassadeur en Union soviétique.

JOHNSTON, Eric, nommé par le président des États-Unis pour contribuer à l'établissement d'un projet régional d'aménagement des eaux sur le Jourdain (oct. 1953).

JOXE, Louis, secrétaire général, ministère des Affaires étrangères de France.

KASSEM [QASIM], maj-gén Abdul Karim, premier ministre de l'Irak et ministre de la Défense.

KENNETT, W.A., adjoint exécutif au sous-ministre du Commerce.

KERR, sénateur Robert (D-Oklahoma).

KEYSTON, Dr. J.E., vice-président, Conseil de recherches pour la défense.

KHALIL, Salah, secrétaire-général, ministère des Affaires étrangères de la République arabe unie.

KHOMAN, Thanat, représentant de Thaïlande auprès des Nations Unies.

KHROUCHTCHEV, N.S., premier secrétaire du Comité central du Parti communiste de l'Union soviétique.

KINGSTONE, H.C., Direction juridique.

KIRSTEN, R., haut-commissaire de l'Afrique du Sud.

KISHI, Nobusuke, premier ministre du Japon.

HUNT, D.W.S., Under-Secretary, Commonwealth Relations Office of United Kingdom.

HUSSEIN, King of Jordan.

HYNDMAN, J.E., Economic (1) Division.

IRWIN, J.N., Assistant Secretary of Defense for International Security Affairs of United States.

ISBISTER, C.M. Assistant Deputy Minister, Department of Trade and Commerce.

JAMES, John M.C., Deputy High Commissioner of United Kingdom in India.

JAMES, Dr. F. Cyril, Prinicipal, McGill University.

JARVIS, G. M., General Counsel, Atomic Energy of Canada Ltd.

JAWAD, Hashim, Permanent Representative of Iraq to United Nations.

JHA, C.S., Permanent Representative of India to United Nations.

JOHNSON, Daniel, Minister of Hydraulic Reserves of Quebec.

JOHNSON, David M., Ambassador in Soviet Union.

JOHNSTON, Eric, appointed by President of United States to help establish regional water development project based on Jordan River (Oct. 1953).

JOXE, Louis, Secretary General, Ministry of Foreign Affairs of France.

KASSEM [QASIM], Major-General Abdul Karim, Prime Minister of Iraq and Minister of Defence.

KENNETT, W.A., Executive Assistant to the Deputy Minister of Trade and Commerce.

KERR, Senator Robert (D-Oklahoma).

KEYSTON, Dr. J.E., Vice Chairman, Defence Research Board.

KHALIL, Salah, Secretary-General, Ministry of Foreign Affairs, United Arab Republic.

KHOMAN, Thanat, Representative of Thailand to United Nations.

KHRUSHCHEV, N.S., First Secretary of Central Committee of Communist Party of Soviet Union.

KINGSTONE, H.C., Legal Division.

KIRSTEN, R., High Commissioner of South Africa.

KISHI, Nobusuke, Prime Minister of Japan.

KOHLER, Foy D., sous-secrétaire d'État adjoint des Affaires européennes, département d'État des États-Unis.

KOSLOV, Frol R., premier président suppléant, Conseil des ministres de l'Union soviétique.

KRAG, Jens Otto, ministre des Affaires étrangères du Danemark.

KRISTJANSON, K., secrétaire, Comité consultatif de l'utilisation des eaux, et secrétaire, Comité du Cabinet chargé des problèmes liés au fleuve Columbia, ministère des Affaires du Nord et des Ressources nationales.

KUTCHUK, Dr. Fazil, chef de la communauté turque et vice-président élu de Chypre (14 déc. 1959).

KUTER, général Laurence, S., Commandant des États-Unis, Commandement de la défense aérospatiale de l'Amérique du Nord.

KUZNETSOV, V.V., premier vice-ministre des Affaires étrangères de l'Union soviétique et chef, délégation à l'Assemblée générale des Nations Unies.

LACOSTE, Francis, ambassadeur de la France.

LALL, Arthur, représentant permanent de l'Inde auprès des Nations Unies.

LALOY, Jean, Directeur adjoint des Affaires politiques, ministère des Affaires étrangères de la France.

LAMBERT, Allan, directeur général et vice-président de la Banque Toronto-Dominion.

LANGE, Halvard M., ministre des Affaires étrangères de la Norvège.

LANGLAIS, Henri, sous-directeur des Affaires ouest-européennes, Direction politique de l'Administration centrale de la France.

LANGLEY, J.C., premier secrétaire, ambassade aux États-Unis.

LEDDY, John M., adjoint spécial au sous-secrétaire suppléant des Affaires économiques, département d'État des États-Unis.

LÉGER, Jules, représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE.

LEPAN, D.V., sous-secrétaire d'État adjoint aux Affaires extérieures.

LE QUESNE, Charles Martin, département de l'Est, Foreign Office du Royaume-Uni.

LEWANDOWSKI, Bohdan, sous-directeur pour le Royaume-Uni et l'Amérique, ministère des Affaires étrangères de la Pologne.

KOHLER, Foy D., Deputy Assistant Secretary of State for European Affairs, Department of State of United States.

KOSLOV, Frol R., First Deputy Chairman, Council of Ministers of Soviet Union.

KRAG, Jens Otto, Minister of Foreign Affairs of Denmark.

KRISTJANSON, K., Secretary, Advisory Committee on Water Use Policy and of Cabinet Committee on Columbia River Problems, Department of Northern Affairs and National Resources.

KUTCHUK, Dr. Fazil, leader of Turkish community and Vice-President elect of Cyprus (Dec. 14, 1959).

KUTER, General Laurence, S., (US) Commander, North American Aerospace Command.

KUZNETSOV, V.V., First Deputy Minister of Foreign Affairs of Soviet Union and Head, Delegation to United Nations General Assembly.

LACOSTE, Francis, Ambassador of France.

LALL, Arthur, Permanent Representative of India to United Nations.

LALOY, Jean, Assistant Director, Political Affairs, Ministry of Foreign Affairs of France.

LAMBERT, Allan, General Manager and Vice-President, Toronto-Dominion Bank.

LANGE, Halvard M., Minister of Foreign Affairs of Norway.

LANGLAIS, Henri, Deputy Director of West European Affairs, Political Division of the Central Administration of France.

LANGLEY, J.C., First Secretary, Embassy in United States.

LEDDY, John M., Special Assistant to Deputy Under Secretary of State for Economic Affairs, Department of State of United States.

LÉGER, Jules, Permanent Representative to North Atlantic Council and OEEC.

LEPAN, D.V., Assistant Under-Secretary of State for External Affairs.

LE QUESNE, Charles Martin, Eastern Department, Foreign Office of United Kingdom.

LEWANDOWSKI, Bohdan, Deputy Director for United Kingdom and America, Ministry of Foreign Affairs of Poland.

LINDT, Auguste Rudolph, haut-commissaire pour les Réfugiés.

LLOYD, John Selwyn, Foreign Secretary du Royaume-Uni.

LOBATCHEV, Alexandre I., conseiller commercial, ambassade de l'Union soviétique.

LORD, Dr. C.S., Géologue en chef, Direction de la Commission géologique du Canada, ministère des Mines et des Relevés techniques.

LOURIE, Arthur, ambassadeur de l'Israël.

LOUW, Eric, ministre des Affaires extérieures de l'Union d'Afrique du Sud.

LUCET, Charles E., Directeur des Affaires politiques à l'Administration central de France.

LUBKE, Heinrich, ministre de l'Alimentation, de l'Agriculture et de la Sylviculture de la République fédérale d'Allemagne (-sept. 1959); président.

LUNS, Joseph, ministre des Affaires extérieures des Pays-Bas.

MACAULAY, R.W. ministre du Développement économique de l'Ontario.

MACCALLUM, J.L., conseiller juridique, section canadienne, Commission mixte internationale.

MACDERMOT, Dermot F., sous-secrétaire adjoint, Foreign Office du Royaume-Uni.

MACDONNELL, J.M., ministre sans portefeuille.

MACDONNELL, R.M., sous-secrétaire d'État suppléant aux Affaires extérieures.

MACLEAN, J. Angus, ministre des Pêcheries.

MACMILLAN, Harold, premier ministre du Royaume-Uni.

MACOMBER, William B. Jr., secrétaire d'État adjoint pour les relations avec le Congrès, département d'État des États-Unis.

MAHDAWI, colonel Fadhil Abbas, chargé par le premier ministre de l'Iraq d'instituer le « Tribunal populaire » pour juger les membres de l'ancien gouvernement (juill. 1958).

MAKARIOS, Archbishop, président élu de la Chypre (14 déc. 1959).

MALENKOV, Georgi, ancien premier ministre de l'Union soviétique.

MANN, Thomas, sous-secrétaire adjoint aux Affaires économiques, département d'État des États-Unis.

LINDT, Auguste Rudolph, United Nations High Commissioner for Refugees.

LLOYD, John Selwyn, Foreign Secretary of United Kingdom.

LOBATCHEV, Alexandre I., Commercial Counsellor, Embassy of Soviet Union.

LORD, Dr. C.S., Chief Geologist, Geological Survey of Canada Branch, Department of Mines and Technical Surveys.

LOURIE, Arthur, Ambassador of Israel.

LOUW, Eric, Minister of External Affairs of Union of South Africa.

LUCET, Charles E., Director of Political Affairs, Central Administration of France.

LUEBKE, Heinrich, Minister of Food, Agriculture and Forestry, Federal Republic of Germany (-Sept. 1959); President.

LUNS, Joseph, Minister of Foreign Affairs of the Netherlands.

MACAULAY, R.W. Minister of Economic Development of Ontario.

MACCALLUM, J.L., Legal Adviser, Canadian Section, IJC.

MACDERMOT, Dermot F., Assistant Under-Secretary, Foreign Office of United Kingdom.

MACDONNELL, J.M., Minister without Portfolio.

MACDONNELL, R.M., Deputy Under-Secretary of State for External Affairs.

MACLEAN, J. Angus, Minister of Fisheries.

MACMILLAN, Harold, Prime Minister of United Kingdom.

MACOMBER, William B. Jr., Assistant Secretary of State for Congressional Relations of the Department of State of the United States.

MAHDAWI, Colonel Fadhil Abbas, established the "People's Court" under the Prime Minister of Iraq to try members of the former government (July 1958).

MAKARIOS, Archbishop, President-elect of Cyprus (Dec. 14, 1959).

MALENKOV, Georgi, former Premier of Soviet Union.

MANN, Thomas, Assistant Secretary of State for Economic Affairs, Department of State of United States.

MANSHOLT, Sicco L., commissaire pour l'agriculture, Communauté économique européenne.

MAO TSE TOUNG, président du Parti communiste de la République populaire de Chine.

MARTIN, W.R., secrétaire adjoint du Cabinet.

MATSUI, Sashichiro, représentant du Japon auprès de l'Agence internationale de l'énergie atomique.

MATTHEWS, Dr. T.H., secrétaire, Conférence nationale des universités et collèges canadiens.

MATTHEWS, W.D., sous-secrétaire d'État adjoint des Affaires extérieures.

MAUDLING, Reginald, trésorier-payeur de l'Échiquier du Royaume-Uni (-oct. 1959); président, chambre du Commerce.

MBOYA, Tom, chef, Union africaine du Kenya.

MCCARTHY, John G., directeur, Bureau des Affaires économiques, Mission des États-Unis auprès de l'Organisation régionale européenne à Paris.

MCCONE, John, président, United States Atomic Energy Commission.

MCCORDICK, J.A., Direction des Nations Unies.

MCCULLOUGH, W.B., chargé d'affaires, ambassade en République dominicaine (-avr 1959).

MCELROY, Neil H., secrétaire à la Défense des États-Unis.

MCEWEN, John, vice-premier ministre et ministre du Commerce de l'Australie.

MCGREGOR, K., commissaire commercial principal et conseiller économique, haut-commissariat du Royaume-Uni.

MCKAY, gouverneur Douglas, président, section américaine, Commission mixte internationale et président, section américain, Commission permanente canado-américaine de défense.

MCLAIN, Marvin, secrétaire adjoint à l'Agriculture des États-Unis.

MCLAINE, A.P., Direction de l'Amérique.

MCNAUGHTON, général A.G.L., président, section canadienne, Commission mixte internationale et Commission permanente canado-américaine de défense.

MEAGHER, Margaret, ambassadrice en Israël.

MEIR, Golda, ministre des Affaires étrangères de l'Israël.

MANSHOLT, Sicco L., Commissioner for Agriculture, EEC.

MAO TSE TUNG, Chairman, Communist Party of the People's Republic of China.

MARTIN, W.R., Assistant Secretary to Cabinet.

MATSUI, Sashichiro, Representative of Japan at IAEA.

MATTHEWS, Dr. T.H., Secretary, National Conference of Canadian Universities and Colleges.

MATTHEWS, W.D., Assistant Under-Secretary of State for External Affairs.

MAUDLING, Reginald, Paymaster General of United Kingdom (-Oct. 1959); President, Board of Trade.

MBOYA, Tom, leader, Kenyan African Union.

MCCARTHY, John G., Director, Office of Economic Affairs, United States Mission to European Regional Organizations at Paris.

MCCONE, John, Chairman, Atomic Energy Commission of United States.

MCCORDICK, J.A., United Nations Division.

MCCULLOUGH, W.B., Chargé d'Affaires, Embassy in Dominican Republic (-Apr. 1959).

MCELROY, Neil H., Secretary of Defense of United States.

MCEWEN, John, Deputy Prime Minister and Minister for Trade of Australia.

MCGREGOR, K., Senior Trade Commissioner and Economic Adviser, United Kingdom High Commission.

MCKAY, Governor Douglas, Chairman, United States Section, International Joint Commission and Chairman, United States Section, PJBD.

MCLAIN, Marvin, Assistant Secretary of Agriculture of United States.

MCLAINE, A.P., American Division.

MCNAUGHTON, General A.G.L., Chairman, Canadian Section, International Joint Commission and Chairman, Canadian Section, PJBD.

MEAGHER, Margaret, Ambassador in Israel.

MEIR, Golda, Minister of Foreign Affairs of Israel.

MENON, V.K. Krishna, ministre de la Défense de l'Inde, et membre de la délégation à l'Assemblée générale des Nations Unies.

MENON, V.K. Krishna, Minister of Defence of India and member of Delegation to United Nations General Assembly.

MENZIES, J.R., chef, Direction du génie sanitaire, ministère de la Santé nationale et du Bien-être social.

MENZIES, J.R., Chief, Public Health Engineering Division, Department of National Health and Welfare.

MENZIES, Robert, premier ministre de l'Australie.

MENZIES, Robert, Prime Minister of Australia.

MERCHANT, Livingston, secrétaire d'État adjoint aux Affaires européennes, département d'État des États-Unis.

MERCHANT, Livingston, Assistant Secretary of State for European Affairs, Department of State of United States.

MICHENER, Roland, député (PC- Toronto St. Paul's), président de la Chambre des communes.

MICHENER, Roland, M.P. (PC- Toronto St. Paul's), Speaker of the House of Commons.

MIKOYAN, A.I., premier vice-président, Soviet suprême de l'Union soviétique.

MIKOYAN, A.I., First Deputy Chairman, Supreme Soviet of Soviet Union.

MILLER, F.R., sous-ministre de la Défense nationale.

MILLER, F.R., Deputy Minister of National Defence.

MININ, Victor I., premier secrétaire, ambassade de l'Union soviétique.

MININ, Victor I., First Secretary, Embassy of Soviet Union.

MOCH, Jules, délégué permanent de la France à la Commission pour le désarmement des Nations Unies.

MOCH, Jules, Permanent Delegate of France to United Nations Disarmament Commission.

MOHAMMED V, roi du Maroc.

MOHAMMED V, King of Morocco.

MOHEIDDIN, Zakaria, vice-président de la République arabe unie.

MOHEIDDIN, Zakaria, Vice President, United Arab Republic.

MORLEY, David, Bureau du Conseil privé.

MORLEY, David, Privy Council Office.

MORRIS, sir Philip, vice-chancelier, Bristol University, et président, Conférence du Commonwealth sur l'éducation.

MORRIS, Sir Philip, Vice-Chancellor, Bristol University, and Chairman, Commonwealth Education Conference.

MURPHY, Robert, sous-secrétaire d'État suppléant, département d'État des États-Unis.

MURPHY, Robert, Deputy Under Secretary of State for Political Affairs, Department of State of United States.

NASH, Walter, premier ministre de la Nouvelle-Zélande.

NASH, Walter, Prime Minister of New Zealand.

NASSER, colonel Gamal Abdel, président de la République arabe unie.

NASSER, Colonel Gamal Abdel, President of United Arab Republic.

NEHRU, Pandit Jawaharlal, premier ministre de l'Inde.

NEHRU, Pandit Jawaharlal, Prime Minister of India.

NERVO, Luis, voir Padillo Nervo, Luis.

NERVO, Luis, see Padillo Nervo, Luis.

NESBITT, Wallace, député, (CP - Oxford), adjoint parlementaire au premier ministre.

NESBITT, Wallace, M.P. (PC - Oxford), Parliamentary Assistant to the Prime Minister.

NEUBERGER, sénateur Richard Lewis (D-Oregon).

NEUBERGER, Senator Richard Lewis (D-Oregon).

NICHOLS, Clarence, sous-directeur, Bureau du Commerce international et des Ressources, département d'État des États-Unis.

NICHOLS, Clarence, Deputy Director, Office of International Trade and Resources of United States.

NICHOLSON, Ian, diplomate australien occupant le poste du deuxième secrétaire à l'ambassade du Canada en République arabe unie.

NICHOLSON, Ian, Australian diplomat serving as Second Secretary at Embassy in United Arab Republic.

NIXON, Richard M., vice-président des États-Unis.

NIXON, Richard M., Vice-President of United States.

NKRUMAH, Kwame, premier ministre du Ghana.

NKRUMAH, Kwame, Prime Minister of Ghana.

NORSTAD, général Lauris, commandant suprême des Forces alliées en Europe (SACEUR), OTAN.

NORSTAD, General Lauris, Supreme Allied Commander in Europe (SACEUR), NATO.

NOSEK, Jiri, délégation de la Tchécoslovaquie à l'Assemblée général des Nations Unies.

NOSEK, Jiri, Delegation of Czechoslovakia to United Nations General Assembly.

NOWLAN, George, ministre du Revenu national.

NOWLAN, George, Minister of National Revenue.

NUTT, D.W.S., sous-secrétaire adjoint, Bureau des Relations avec le Commonwealth du Royaume-Uni.

NUTT, D.W.S., Assistant Under-Secretary, Commonwealth Relations Office of United Kingdom.

NUTT, J.S., Direction juridique.

NUTT, J.S., Legal Division.

NYERE, Julius, chef, Union Afro-nationale du Tanganyika.

NYERE, Julius, Leader, Tanganyika African National Union.

O'HURLEY, Raymond, ministre de la Production pour la défense.

O'HURLEY, Raymond, Minister of Defence Production.

OZERE, S.V., sous-ministre adjoint des Pêcheries.

OZERE, S.V., Assistant Deputy Minister of Fisheries.

PADILLO NERVO, Luis, secrétaire d'État des Affaires étrangères du Mexique.

PADILLO NERVO, Luis, Secretary of State for Foreign Affairs of Mexico.

PAHUD, Jean-Louis, ambassadeur de la Suisse en République arabe unie.

PAHUD, Jean-Louis, Ambassador of Switzerland in United Arab Republic.

PANYA, Khamphan, représentant de Laos auprès des Nations Unies.

PANYA, Khamphan, Representative of Laos to United Nations.

PARKER, James, agent responsable des Affaires canadiennes, Bureau des Affaires du Commonwealth britannique et d'Europe du nord, département d'État des États-Unis.

PARKER, James, Canadian desk officer, Office of British Commonwealth and Northern European Affairs, Department of State of United States.

PARKINSON, J.F., conseiller économique, ministère des Finances.

PARKINSON, J.F., Economic Adviser, Department of Finance.

PARLOUR, R.R., secrétaire commercial, ambassade au Cuba.

PARLOUR, R.R., Commercial Secretary, Embassy in Cuba.

PARSONS, J. Graham, sous-secrétaire d'État adjoint des Affaires de l'Extrême-Orient, département d'État des États-Unis (-juin 1959); secrétaire adjoint.

PARSONS, J. Graham, Deputy Assistant Secretary of State for Far Eastern Affairs, Department of State of United States (-June 1959); Assistant Secretary.

PATTERSON, T.M., directeur, Direction des Ressources hydrauliques, ministère des Affaires du Nord et des Ressources nationales.

PATTERSON, T.M., Director, Water Resources Branch, Department of Northern Affairs and National Resources.

PEARKES, George, ministre de la Défense nationale.

PEARKES, George, Minister of National Defence.

PEARSON, L.B., Chef de l'Opposition.

PEARSON, L.B., Leader of the Opposition.

PELLA, Giuseppe, ministre des Affaires étrangères de l'Italie.

PELLA, Giuseppe, Minister of Foreign Affairs of Italy.

PEREZ ALFONSO, Dr. Juan Pablo, ministre du Pétrole du Venezuela.

PEREZ ALFONSO, Dr. Juan Pablo, Minister of Petroleum of Venezuela.

PHAM VAN DONG, premier ministre et ministre des Affaires étrangères de la République démocratique du Vietnam.

PHAM VAN DONG, Prime Minister and Minister of Foreign Affairs, Democratic Republic of Vietnam.

PHOUI SANANIKONE, premier ministre du Laos.

PHOUI SANANIKONE, Prime Minister of Laos.

PIEDRA, Dr. Carlos, premier magistrat, Cour suprême de Cuba; président provisoire (1er jan. 1959).

PIEDRA, Dr. Carlos, Chief Magistrate, Supreme Court of Cuba; Provisional President (Jan. 1, 1959).

PIERCE, S.D., ambassadeur en Belgique.

PIERCE, S.D., Ambassador in Belgium.

PINAY, Antoine, ministre des Finances et des Affaires économiques de la France.

PINAY, Antoine, Minister of Finance and Economic Affairs of France.

PLUMPTRE, A.F.W., sous-ministre adjoint du ministère des Finances.

PLUMPTRE, A.F.W., Assistant Deputy Minister, Department of Finance.

POLLOCK, Sidney, directeur, Contributions et programmes internationaux, ministre des Finances.

POLLOCK, Sidney, Director, International Programmes and Contributions, Department of Finance.

PROFUMO, John, ministre d'État des Affaires étrangères du Royaume-Uni.

PROFUMO, John, Minister of State for Foreign Affairs of United Kingdom.

QASIM [KASSEM], Abdul-Karim, premier ministre de l'Irak.

QASIM [KASSEM], Abdul Karim, Prime Minister of Iraq.

QUARLES, Donald A., sous-secrétaire à la Défense des États-Unis (-mai 1959).

QUARLES, Donald A., Deputy Secretary of Defense of United States (- May 1959).

RAE, Saul, ministre, ambassade aux États-Unis.

RAE, Saul, Minister, Embassy in United States.

RAPACKI, Adam, ministre des Affaires étrangères de la Pologne.

RAPACKI, Adam, Minister of Foreign Affairs of Poland.

RASMINSKY, Louis, sous-gouverneur de la Banque du Canada et directeur exécutif canadien, FMI.

RASMINSKY, Louis, Deputy Governor of Bank of Canada and Canadian Executive Director, IMF.

REID, Escott, ambassadeur en République fédérale d'Allemagne.

REID, Escott, Ambassador in Federal Republic of Germany.

REINHARDT, Frederick, conseiller, département d'État des États-Unis.

REINHARDT, Frederick, Counsellor, Department of State of United States.

REISMAN, Sol Simon, directeur, Direction générale des Relations commerciales internationales, ministère du Commerce.

REISMAN, Sol Simon, Director, International Economic Relations Division, Department of Finance.

RETTIE, Edward, chef, Direction du Moyen-Orient.

RETTIE, Edward, Head, Middle East Division.

REWINKEL, Milton C., conseiller, ambassade des États-Unis.

REWINKEL, Milton C., Counsellor, Embassy of United States.

REY, Jean, membre responsable des relations éxterieures de la Commission de Communauté économique européenne.

REY, Jean, Member of EEC Commission responsible for Exernal Relations.

RHEE, Syngman, président de la République de Corée.

RHEE, Syngman, President of Republic of Korea.

RICHARDS, Arthur L., adjoint spécial sur les Questions relatives au droit maritime, Bureau du sous-secrétaire d'État, département d'État des États-Unis.

RICHARDS, Arthur L., Special Assistant for Law of the Sea Matters, Office of the Under Secretary of State, Department of State of United States.

RIDDELL, G.G., Direction du Moyen-Orient.

RIDDELL, G.G., Middle Eastern Division.

RIFAAT, Kamal, ministre d'État de la République arabe unie.

RIFAAT, Kamal, Minister of State of United Arab Republic.

RIFFAI, Samir, premier ministre de la Jordanie.

RIFFAI, Samir, Prime Minister of Jordan.

RITCHIE, A.E., ministre, ambassade aux États-Unis (-sept. 1959); sous-secrétaire d'État adjoint des Affaires extérieures.

RITCHIE, A.E., Minister, Embassy in United States (-Sept. 1959); Assistant Under-Secretary of State for External Affairs.

RITCHIE, Charles S. A., représentant permanent auprès des Nations Unies.

RITCHIE, Charles S. A., Permanent Representative to United Nations.

ROBERTS, J.A., sous-ministre adjoint du Commerce.

ROBERTS, J.A., Associate Deputy Minister of Trade and Commerce.

ROBERTS, sir Frank, représentant permanent du Royaume-Uni, Conseil de l'Atlantique Nord.

ROBERTS, Sir Frank, Permanent Representative of United Kingdom to North Atlantic Council.

ROBERTSON, Norman A., sous-secrétaire d'État aux Affaires extérieures.

ROBERTSON, Norman A., Under-Secretary of State for External Affairs.

ROBERTSON, R.G., sous-ministre des Affaires du Nord et des Ressources nationales.

ROBERTSON, R.G., Deputy Minister of Northern Affairs and National Resources.

ROBERTSON, Walter S., sous-secrétaire d'État adjoint aux Affaires de l'Extrême-Orient, département d'État des États-Unis.

ROBERTSON, Walter S., Assistant Secretary for Far Eastern Affairs, Department of State of United States.

ROBINSON, H. Basil, adjoint spécial au secrétaire d'État aux Affaires extérieures.

ROBINSON, H. Basil, Special Assistant to Secretary of State for External Affairs.

ROBINSON, R.M., Direction de l'Amérique.

ROBINSON, R.M., American Division.

ROMANIECKI, Leon, commissaire polonais, CISC, Laos; commissaire polonais par intérim, CISC, Vietnam.

ROMANIECKI, Leon, Polish Commissioner, ICSC, Laos; Acting Polish Commissioner, ICSC, Vietnam.

RONNING, Chester A., haut-commissaire en Inde.

RONNING, Chester A., High Commissioner in India.

ROSS, A.D.M., sous-secrétaire, Foreign Office du Royaume-Uni.

ROSS, A.D.M., Under-Secretary, Foreign Office of United Kingdom.

ROSTOW, professeur Walter, historien de l'économie, Massachusetts Institute of Technology, Boston.

ROSTOW, Professor Walter, Economic Historian, Massachussetts Institute of Technology, Boston.

ROUNTREE, William M., sous-secrétaire d'État adjoint aux Affaires du Proche-Orient, de l'Asie sud et de l'Afrique, département d'État des États-Unis.

ROUNTREE, William M., Assistant Secretary of State for Near Eastern, South Asian and African Affairs, Department of State of United States.

ROUX, Henri-Paul, ambassadeur de la France en Iran.

ROUX, Henri-Paul, Ambassador of France in Iran.

RUBAI, Muhammad Najib, président, Conseil de souveraineté de l'Irak.

RUBAI, Muhammad Najib, Chairman, Sovereignty Council of Iraq.

RUBIDO, Col. José Rego, chef de l'Armée de Cuba (jan. 1959-).

RUBIDO, Col. José Rego, Chief of Army of Cuba (Jan. 1959-).

RUCINSKI, Joseph, directeur, Département des opérations pour l'Asie et le Moyen-Orient, Banque internationale pour la reconstruction et le développement.

RUCINSKI, Joseph, Director, Department of Operations for Asia and the Middle East, International Bank for Reconstruction and Development.

RUTTER, Peter, bureau de l'adjoint spécial au secrétaire de l'Enérgie atomique des États-Unis.

RUTTER, Peter, Office of Special Assistant to Secretary on Atomic Energy of United States.

SABRI, Zulficar, sous-ministre des Affaires étrangères de la République arabe unie.

SABRI, Zulficar, Deputy Minister of Foreign Affairs of United Arab Republic.

SABRY, Ali, ministre des Affaires présedentiels de la République arabe unie.

SABRY, Ali, Minister for Presidential Affairs of United Arab Republic.

SAID, Nuri al-, ancien premier ministre de l'Irak.

SAMARRAI, Faiq al-, ambassadeur de l'Irak en République arabe unie.

SAUVÉ, Paul, premier ministre du Québec.

SCHWARZMANN, Maurice, directeur adjoint, Direction générale des Relations commerciales internationales, ministère du Commerce.

SCRIBNER, Fred C., adjoint suppléant au président des États-Unis.

SEATON, Frederick A., secrétaire à l'Intérieur des États-Unis.

SERGENT, René Edmond, secrétaire-général, OECE.

SHARP, Dudley, secrétaire adjoint (matériel), United States Air Force.

SIERADZKI, Mieczyslaw, chargé d'affaires, ambassade de la Pologne.

SISCO, Joseph J., sous-directeur adjoint des Affaires politiques des Nations Unies et de la securité, département d'État des États-Unis.

SMALL, C.J., délégué commercial à Hong Kong.

SMITH, Arnold, ambassadeur en République arabe unie.

SMITH, Rufus Z., conseiller, ambassade des États-Unis (juill. 1959 -).

SMITH, Sidney, secrétaire d'État aux Affaires extérieures (-mars 1959).

SNOY D'OPPUERS, baron Jean-Charles, secrétaire-général, ministère de l'Économie de la Belgique.

SON SANN, représentant du Cambodge auprès des Nations Unies.

SONNEMAN, Dr. Theodor H.K.A., secrétaire d'État, ministère de l'Alimentation, de l'Agriculture, et de la Foresterie de la République fédérale d'Allemagne.

SOUPHANOUVONG, Prince, chef de Neo Lao Haksat Party, Laos.

SOUTHAM, G.H., chargé d'affaires, légation en Pologne.

SPAAK, Paul-Henri, secrétaire général de l'OTAN.

SPIERS, Ronald I., agent responsable des Affaires du désarmement, département d'État des États-Unis.

STALIN, Josef, ancien secrétaire général, Parti communiste de l'Union soviétique.

STANFIELD, Robert, premier ministre de la Nouvelle-Écosse.

STEPHENS, D.M., commissaire canadien, Commission mixte internationale.

SAID, Nuri al-, former Prime Minister of Iraq.

SAMARRAI, Faiq al-, Ambassador of Iraq in United Arab Republic.

SAUVÉ, Paul, Premier of Quebec.

SCHWARZMANN, Maurice, Assistant Director, International Trade Relations Branch, Department of Trade and Commerce.

SCRIBNER, Fred C., Deputy Assistant to the President of the United States

SEATON, Frederick A., Secretary of Interior of United States.

SERGENT, René Edmond, Secretary-General, OEEC.

SHARP, Dudley, Assistant Secretary (Materiel), United States Air Force.

SIERADZKI, Mieczyslaw, Chargé d'Affaires, Embassy of Poland.

SISCO, Joseph, Acting Director, United Nations Political and Security Affairs, Department of State of United States.

SMALL, C.J., Trade Commissioner, Hong Kong.

SMITH, Arnold, Ambassador in United Arab Republic.

SMITH, Rufus Z., Counsellor, Embassy of United States (July 1959 -).

SMITH, Sidney, Secretary of State for External Affairs (-Mar. 1959).

SNOY D'OPPUERS, Baron Jean-Charles, Secretary General, Ministry of the Economy of Belgium.

SON SANN, Representative of Cambodia to United Nations.

SONNEMAN, Dr. Theodor H.K.A., Secretary of State, Department of Food, Agriculture and Forests, Federal Republic of Germany.

SOUPHANOUVONG, Prince, leader of Neo Lao Haksat Party, Laos.

SOUTHAM, G.H., Chargé d'Affaires, Legation in Poland.

SPAAK, Paul-Henri, Secretary-General of NATO.

SPIERS, Ronald I., Officer in Charge of Disarmament Affairs, Department of State of United States.

STALIN, Josef, former General Secretary, Communist Party of Soviet Union.

STANFIELD, Robert, Premier of Nova Scotia.

STEPHENS, D.M., Commissioner, IJC.

STEVENS, sir Roger, sous-secrétaire d'État adjoint des Affaires du Moyen-Orient, Foreign Office du Royaume-Uni.

STEVENS, Sir Roger, Assistant Under-Secretary of State for Mideastern Affairs, Foreign Office of United Kingdom.

STIKKER, Dirk, représentant permanent des Pays-Bas, Conseil de l'Atlantique Nord.

STIKKER, Dirk, Permanent Representant of the Netherlands to North Atlantic Council.

STONER, O.G., chef, 1ère Direction économique.

STONER, O.G., Head, Economic (1) Division.

STRAUSS, amiral Lewis L., secrétaire du Commerce des États-Unis.

STRAUSS, Admiral Lewis L., Secretary of Commerce of United States.

SUBANDRIO, Dr., ministre des Affaires étrangères de l'Indonésie.

SUBANDRIO, Dr., Minister for Foreign Affairs of Indonesia.

SUKARNO [SOEKARNO], président de l'Indonésie.

SUKARNO [SOEKARNO], President of Indonesia.

TAYLOR, J.H., 1ère Direction économique.

TAYLOR, J.H., Economic (1) Division.

TCHANG KAI-CHEK, général, président de la République de Chine.

SEE CHIANG KAI-SHEK

TCHOU EN-LAI, premier ministre et ministre des Affaires étrangères de la République populaire de Chine.

SEE CHOU EN-LAI.

THOMPSON, Tyler, ministre, ambassade des États-Unis.

THOMPSON, Tyler, Minister, Embassy of United States.

TITO, maréchal Josip Broz, président de Yougoslavie.

TITO, Marshal Josip Broz, President of Yugoslavia.

TOURÉ, Sékou, président de la République de Guinée.

TOURÉ, Sékou, President of Republic of Guinea.

TREGASKES, S.G., conseiller commercial, haut-commissariat au Royaume-Uni.

TREGASKES, S.G., Counsellor (Commercial), High Commission in United Kingdom.

TREMBLAY, Paul, chef, 1ère Direction de liaison avec la Défense (-oct. 1959); ambassadeur au Chili.

TREMBLAY, Paul, Head, Defence Liaison (1) Division (-Oct. 1959); Ambassador to Chile.

TREVELYAN, sir Humphrey, ambassadeur du Royaume-Uni en Irak.

TREVELYAN, Sir Humphrey, Ambassador of United Kingdom in Iraq.

TRUJILLO, Rafael, président de la République dominicaine.

TRUJILLO, Rafael, President of Dominican Republic.

TRUMAN, Harry S., ancien président des États-Unis.

TRUMAN, Harry S., former President of United States.

TSARAPKIN, Semyon K., délégué principal de l'Union soviétique aux pourparlers de Genève sur la suspension des essais nucléaires et thermonucléaires et sur le désarmement.

TSARAPKIN, Semyon K., Chief Delegate, Soviet Union, Geneva talks on the suspension of nuclear and thermonuclear tests and disarmament.

TUTHILL, John, directeur, Bureau des Affaires régionales, département d'État des États-Unis.

TUTHILL, John, Director, Office of Regional Affairs, Department of State of United States.

TWINING, général Nathan F., président du Comité des chefs d'état-major des États-Unis.

TWINING, General Nathan F., Chairman, Chiefs of Staff of United States.

ULBRICHT, Walter, premier ministre de la République démocratique d'Allemagne.

ULBRICHT, Walter, Premier, Democratic Republic of Germany.

URRUTIA, Dr. Manuel, président provisoire du Cuba (jan. 1959-).

URRUTIA, Dr. Manuel, Provisional President of Cuba (Jan. 1959-).

VALÉRY, François, chef du service de la Coopération économique, ministère des Affaires étrangères de la France.

VALÉRY, François, Chief of Service for Economic Cooperation, Ministry of Foreign Affairs of France.

VAN OFFELEN, Jacques, ministre du Commerce extérieur de la Belgique.

VAN OFFELEN, Jacques, Minister of Foreign Trade of Belgium.

VENKATACHAR, C.S., haut-commissaire de l'Inde.

VENKATACHAR, C.S., High Commissioner of India.

VIGDERMAN, Alfred G., sous-directeur, Bureau des Affaires allemandes, département d'État des États-Unis.

VIGDERMAN, Alfred G., Deputy Director, Office of German Affairs, Department of State of United States.

VIVIAN, Dr. R.P., membre, délégation à l'Assemblée générale des Nations Unies.

VIVIAN, Dr. R.P., Representative, Delegation to the United Nations General Assembly.

VO NGUYEN GIAP, général, ministre de la Défense et vice-premier ministre de la République démocratique du Vietnam.

VO NGUYEN GIAP, General, Minister of Defence and Vice- Premier, Democratic Republic of Vietnam.

VON BRENTANO, Heinrich, ministre des Affaires étrangères de la République fédérale d'Allemagne.

VON BRENTANO, Heinrich, Minister of Foreign Affairs, Federal Republic of Germany.

WARREN, J.H., sous-ministre adjoint du Commerce.

WARREN, J.H., Assistant Deputy Minister of Trade and Commerce.

WEBER, Eugene W., commissaire des États-Unis, Commission mixte internationale.

WEBER, Eugene W., United States Commissioner, IJC.

WEEKS, Sinclair, secrétaire au Commerce des États-Unis.

WEEKS, Sinclair, Secretary of Commerce of United States.

WEIZMANN, Dr. Chaim, ancien président de l'Israël.

WEIZMANN, Dr. Chaim, former President of Israel.

WELENSKY, sir Roy, premier ministre de la Rhodésie et de la Nyasaland

WELENSKY, Sir Roy, Prime Minister of Federation of Rhodesia and Nyasaland.

WELLS, Algie A., délégation des États-Unis auprès de l'Agence internationale de l'énergie atomique.

WELLS, Algie A., Delegation of United States to IAEA.

WERSHOF, M.H., représentant permanent auprès du Bureau européen des Nations Unies et représentant auprès de l'Agence internationale de l'énergie atomique.

WERSHOF, M.H., Permanent Representative to European Office of United Nations and Representative to International Atomic Energy Commission.

WHEELER, lieut.-gén. Raymond A., chef, Mission de développement du bassin du Mékong.

WHEELER, Lt.-Gen. Raymond A., Head of Mission to Develop Mekong River Basin.

WHITE, Ivan B., sous-secrétaire adjoint aux Affaires européennes, département d'État des États-Unis.

WHITE, Ivan B., Deputy Assistant Secretary of State for European Affairs, Department of State of United States.

WHITEHEAD, sir Edgar, premier ministre de la Rhodésie du Sud.

WHITEHEAD, Sir Edgar, Prime Minister of Southern Rhodesia.

WIGGLESWORTH, Richard B., ambassadeur des États-Unis.

WIGGLESWORTH, Richard B., Ambassador of United States.

WIGNY, P., ministre des Affaires étrangères de la Belgique.

WIGNY, P., Minister of Foreign Affairs of Belgium.

WILGRESS, L. D., président, section canadienne, Commission permanente canado-américaine de défense (juill. 1959-).

WILGRESS, L. D., Chairman, Canadian Section, Canada-United States Joint Board on Defence (July 1959-).

WILLIAMS, lieut-gén. Samuel, commandant américain, MAAG, Vietnam.

WILLIAMS, Lt.-General Samuel, United States Commander, MAAG, Vietnam.

WILLIAMSON, Harry, attaché scientifique, ambassade aux États-Unis.

WILLISTON, Ray, ministre des Terres et des Forêts de la Colombie-Britannique.

WILLOUGHBY, Woodbury, directeur, Bureau des Affaires du Commonwealth britannique et de l'Europe du nord, Bureau des Affaires européennes, département d'État des États-Unis.

WILSON, D.B., 1ère Direction économique.

WINKLER, Pavel, chef, Département juridique, ministère des Affaires étrangères de la Tchécoslovaquie.

WORMSER, Olivier, directeur, Affaires économiques et financières, ministère des Affaires étrangères de la France.

WRIGHT, sir Michael, ancien ambassadeur du Royaume-Uni en Irak.

WYNDHAM WHITE, Eric, secrétaire exécutif, GATT.

YALDEN, M.F., deuxième secrétaire, ambassade en Union soviétique.

YASSEEM, Yustafah Kamil, directeur général, département politique, ministre des Affaires étrangères de l'Irak.

YATES, Sidney R., représentant, (D-Illinois).

YAZID, Mohammed, ministre d'Information, Gouvernement provisoire de la République algérienne (GPRA).

YINGLING, R.T., conseiller juridique adjoint, département d'État des États-Unis.

ZAMYATIN, Leonid M., délégation de l'Union soviétique auprès de l'Agence internationale de l'énergie atomique.

ZELLER, général André, chef d'état-major de la France en Algérie.

ZORLU, Fatin Rüstü, ministre des Affaires étrangères de la Turquie.

WILLIAMSON, Harry, Scientific Attaché, Embassy in United States.

WILLISTON, Ray, Minister of Lands and Forests of British Columbia.

WILLOUGHBY, Woodbury, Director, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State of United States.

WILSON, D.B., Economic (1) Division.

WINKLER, Pavel, Head, Legal Department, Ministry of Foreign Affairs of Czechoslovakia.

WORMSER, Olivier, Director of Economic and Financial Affairs, Ministry of Foreign Affairs of France.

WRIGHT, Sir Michael, former Ambassador of United Kingdom in Iraq.

WYNDHAM WHITE, Eric, Executive Secretary, GATT.

YALDEN, M.F., Second Secretary, Embassy in Soviet Union.

YASSEEM, Yustafah Kamil, Director General, Political Department, Ministry of Foreign Affairs of Iraq.

YATES, Sidney R., Representative (D-Illinois).

YAZID, Mohammed, Minister of Information, Provisional Government of the Algerian Republic (GPRA).

YINGLING, R.T., Assistant Legal Adviser, Department of State of United States.

ZAMYATIN, Leonid M., Delegation of Soviet Union to IAEA.

ZELLER, General André, Chief of General Staff of France in Algeria.

ZORLU, Fatin Rüstü, Minister of Foreign Affairs of Turkey.

ILLUSTRATIONS

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Swearing-in of Howard Green as Secretary of State for External Affairs, Rideau Hall, June 4, 1959. Left to right: Prime Minister John Diefenbaker, Governor-General Vincent Massey, Green.

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Assermentation de M. Howard Green au poste de secrétaire d'État aux Affaires extérieures, à Rideau Hall, le 4 juin 1959. De gauche à droite : le premier ministre John Diefenbaker, le gouverneur général Vincent Massey et M. Howard Green.



Capital Press Service/ Diefenbaker Archives Collection.
MG01/XVII/JGD 1191

Left to right: Supreme Allied Commander in Europe General Lauris Norstad, Prime Minister Diefenbaker, and Minister of National Defence George Pearkes, May 19, 1959.

Capital Press Service/ Diefenbaker Archives Collection.
MG01/XVII/JGD 1191

De gauche à droite : Le général Lauris Norstad, commandant suprême des Forces alliées en Europe, le premier ministre Diefenbaker et M.George Pearkes, ministre de la Défense nationale, le 19 mai 1959.



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Prime Minister Diefenbaker greets the United States Secretary of State, Christian Herter, at 24 Sussex Drive, July 11, 1959.

Bibliothèque et Archives Canada C-00389714.

Le premier ministre Diefenbaker accueille le secrétaire d'État américain, M. Christian Herter, au 24, promenade Sussex, le 11 juillet 1959.



United Nations 62975

Howard Green addressing the United Nations General Assembly, September 24, 1959.

Nations Unies 62975

M. Howard Green prononce un discours devant l'Assemblée générale des Nations Unies, le 24 septembre 1959.



R. Wetmore/Library and Archives Canada
PA-181040

Christmas dinner in Halifax for refugee families who arrived in Canada under the programme for tubercular refugees during World Refugee Year.

R. Wetmore/ Bibliothèque et Archives Canada
PA-181040

Dîner de Noël à Halifax pour les familles de réfugiés qui sont arrivées au Canada dans le cadre du Programme en faveur des réfugiés atteints de tuberculose, pendant l'Année mondiale des réfugiés.



United Nations 63621

Wallace B. Nesbitt addresses the United Nations General Assembly's First Committee during the debate on disarmament, November 2, 1959. Charles Ritchie, Canada's Permanent Representative to the U.N., is seated behind Nesbitt.

Nations Unies 6362

M. Wallace B. Nesbitt prononce un discours à la Première Commission de l'Assemblée générale des Nations Unies pendant le débat sur le désarmement, le 2 novembre 1959. M. Charles Ritchie, le représentant permanent du Canada auprès des Nations Unies, est assis derrière M. Nesbitt.

CHAPITRE PREMIER/CHAPTER I

NATIONS UNIES ET AUTRES ORGANISATIONS INTERNATIONALES
UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS

PREMIÈRE PARTIE/PART I

NATIONS UNIES
UNITED NATIONS

SECTION A

QUESTIONS PRÉSENTÉES À LA QUATORZIÈME SESSION DE L'ASSEMBLÉE GÉNÉRALE À NEW YORK, 15 SEPTEMBRE AU 13 DÉCEMBRE 1959
ISSUES BEFORE THE FOURTEENTH SESSION OF THE GENERAL ASSEMBLY, NEW YORK, SEPTEMBER 15 TO DECEMBER 13, 1959

SUBDIVISION I/SUB-SECTION I

INSTRUCTIONS À LA DÉLÉGATION CANADIENNE
INSTRUCTIONS TO THE CANADIAN DELEGATION

1. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

DOCUMENT NO. 272-59 [Ottawa], September 8, 1959

INSTRUCTIONS FOR THE CANADIAN DELEGATION[1]
TO THE FOURTEENTH SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS

I have the honour to submit for the approval of Cabinet draft instructions for the Canadian Delegation to the fourteenth session of the General Assembly of the United Nations.

These instructions broadly follow policies approved for the twelfth and thirteenth sessions of the General Assembly in 1957 and 1958.

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[1] Le 2 septembre 1959, le Cabinet nommait Howard Green et Wallace Nesbitt président et vice-président respectivement. Voir la liste complète des membres de la délégation dans *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 593.

On September 2, 1959, Cabinet appointed Howard Green and Wallace Nesbitt as Chairman and Vice-Chairman respectively. For a complete list of Delegation members, see *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 593.

In the event that any departure from established policies appears desirable during the course of the coming session of the Assembly, the Delegation will make appropriate recommendations and request further instructions.

H.C. GREEN

[PIÈCE JOINTE/ENCLOSURE]

Note

SECRET

INSTRUCTIONS FOR THE CANADIAN DELEGATION TO THE FOURTEENTH SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS

The fourteenth regular session of the United Nations General Assembly opens on September 15 with an agenda of some 69 items. This memorandum contains instructions on certain important items and on the general policies of the Delegation. These will be supplemented by instructions to the Delegation on specific questions as they arise.

The Delegation should, as in the past, seek to express Canada's strong support for the United Nations and to point out that, despite its defects and limitations, the Organization can play an essential role in maintaining peace, settling disputes, and furthering the economic and social well-being of its members. The Delegation in particular should play, whenever it is judged appropriate, the active role which Canada is well fitted to play in promoting understanding between Western countries and the countries of Asia and Africa in order to assist in bridging possible differences, and in strengthening the United Nations generally.

Elections to Security Council

Poland has announced its candidature for election to succeed Japan on January 1, 1960. Japan occupies the so-called "Eastern European Seat" on the Security Council. The United States is opposed to the reversion of this seat to the Soviet bloc. There is, however, much validity in the Soviet bloc's claim to the seat, on the basis of Article 23 of the Charter and on the basis of the 1945 "gentlemen's agreement" providing that one of the six non-permanent seats should always go to an "Eastern European" member (the eight eligible members from the Soviet bloc have thus far occupied the seat for only 2 terms out of 7). Moreover, there would seem to be some political advantage in having Poland occupy this seat since Poland is the most important political opposition force within the Soviet bloc and, as a country, it commands a rather special measure of sympathy in United Nations circles. According to a preliminary sounding of permanent missions in New York from Asia, Africa, Latin America, Australia, New Zealand as well as the Netherlands mission, there exists a substantial measure of support for Poland.

Because of the United States attitude, and in order to forestall a possible United States move to put forward an Asian member of SEATO for the seat, the United Kingdom has put up Greece as a quasi-Eastern European candidate. A deadlock seems possible though Poland probably would muster greater support than Greece. For these considerations, the Delegation may adopt an attitude sympathetic to Poland, unless and until a situation should develop where the Delegation would consider it politically advisable to recommend another attitude.

Disarmament

This is the first year when it has been possible to report that part of a treaty on one aspect of disarmament has been drafted by the powers principally involved. Indeed it is the first time it has been accurate to say that serious negotiations rather than propaganda exchanges have taken

place. The progress which has been made by the United States, the United Kingdom and the Soviet Union towards an agreement on the discontinuance of nuclear tests and the actual establishment of a control system should not be exaggerated. The seventeen agreed treaty articles are largely formal or concerned with marginal matters. However, the efforts being made by all three participants to resolve the central difficulties suggest that there are possibilities of a successful outcome. In order to help maintain a positive atmosphere the Delegation should adopt an attitude of cautious optimism while acknowledging the continued existence of major political problems.

Agreement among the four Great Powers on the creation of a ten-member committee is welcome because it provides once more a negotiating forum of practical proportions. The Delegation should, however, lose no opportunity of emphasizing that ultimately the responsibility for disarmament rests with the United Nations.

Because progress in the nuclear test talks and the prospect of broader negotiations next year can be expected to minimize discussion of these aspects, much attention is likely to be given to the particular questions which have been raised by Ireland and Morocco. On the Irish item, which concerns the prevention of the wider dissemination of nuclear weapons, the Delegation should base its substantive position on the Prime Minister's statement on defence of February 20, 1959[2] and should be guided in its tactics by the consideration that almost any draft resolution is likely to have the appearance of being at variance with the policies of the NATO countries in general and of France in particular. On the Moroccan item, which concerns French nuclear tests in the Sahara, the Delegation will have the difficult task of maintaining the Government's positive attitude towards the discontinuance of nuclear tests without causing offence to a major ally.

Hungarian Question

There are indications that the United States delegation may introduce a substantive item on the question of Hungary, although no action has yet been taken to do this. This would probably lead to a discussion similar to those at the last two sessions and to a resolution which though perhaps satisfactory on paper would again be unworkable because the Hungarian Government would again refuse to cooperate. It is hoped that this can be avoided as it has no practical value; it gives no relief or satisfaction to the Hungarian people and points up the fruitlessness of past United Nations efforts on this question.

Hungarian Credentials

In principle Canada would prefer to see the Hungarian credentials accepted on the ground that the present government is in effective control of Hungary. This is a technical basis for dealing with the credentials of any member state's delegation. The compromise resolution which has been introduced at the past three sessions by the United States delegation and which "neither accepts nor rejects the credentials," has received less support each year. In Canada's opinion it reflects little credit on the United Nations and is ineffective as it does not prevent the Hungarian delegation from participating fully in the Assembly.

Canada has found some, but not enough, support for its attitude on this question among its NATO allies, and it appears unlikely that there will be a majority at the General Assembly in favour of accepting the Hungarian credentials. If this is so, the Delegation should support a compromise resolution similar to last year's, which it is assumed the United States delegation

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[2] Voir Canada, Chambre des Communes, *Débats*, 1959 volume II, pp. 1279 à 1282.
See Canada, House of Commons, *Debates*, 1959 Volume II, pp. 1221-1224.

will again introduce. If it appears that the vote will be close, the Delegation should seek supplementary instructions.

Chinese Representation

The problem of Chinese representation has arisen at every session of the General Assembly since 1950. This year the United States may find it more difficult to carry out its procedural motion to postpone consideration of the question for the duration of the session. The Delegation should vote in favour of a procedural motion postponing consideration of the issue for a fixed period of time such as "for the duration of the Fourteenth Session of the General Assembly." The Delegation should also vote in favour of accepting the credentials of the representative of the Republic of China if they are challenged.

Outer Space

The main issue seems likely to be the procedures for continuing the studies begun in the United Nations *ad hoc* Committee on Peaceful Uses of Outer Space. It continues to be Canada's view that international co-operation in this field which excludes the Soviet Union can conveniently be arranged outside the United Nations on a bilateral, or Commonwealth, or NATO, or other suitable basis. The central reason for arranging co-operation through the United Nations is to secure the participation of the Soviet Union. The Delegation should therefore be guided in general by the desirability of securing such participation.

Algeria

The consequences for North Africa and France of failure by President de Gaulle to find a solution for the Algerian situation could be grave. Precipitate action and immoderate debate in the General Assembly which might hinder his efforts should therefore be avoided. Specific guidance will be sent to the Delegation when President de Gaulle's plans become known and the tactics of the sponsors of the Algerian item can be more clearly determined. The Delegation may, however, vote for inscription of the item on the agenda.

Palestine Refugees

On the question of the renewal of the mandate of the UN Relief and Works Agency for Palestine Refugees (UNRWA), which expires in 1960, the Delegation should of course support any initiative which seems likely to accelerate progress towards a solution of the refugee problem. It is improbable, however that any such initiative can be developed at present and the Assembly will have little alternative but to adopt the indirect approach outlined in the Secretary-General's report, which suggests continuation of UNRWA until general economic development in the area creates conditions for a solution. Accordingly, if the Assembly is not, as in the past, to entertain unrealistic hopes regarding a solution, it seems advisable to aim at a resolution which recognizes, explicitly or implicitly, the long-term nature of the problem and the fact that no quick end to international responsibility is at hand. The Delegation should be exceedingly cautious, however, with regard to long-term commitments by Canada to UNRWA, and should not create any impression that Canada itself is contemplating any financial contribution to Middle East economic development.

The Korean Question

The Soviet Union may this year make an issue of the withdrawal of Chinese troops and call for the withdrawal of the United Nations Command Forces. It may also propose again that the United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK) be abolished. Canada would favour a positive and conciliatory resolution which would ensure the support of uncommitted nations, but it is doubtful whether this will be achieved. Should the United States propose a resolution, such as that of last year, the Delegation may again vote for

it, but it should not co-sponsor it. On the question of troop withdrawals, the above resolution could again include a statement that, "the governments concerned are prepared to withdraw their forces from Korea when the conditions for a lasting settlement laid down by the General Assembly have been fulfilled." While Canada considers that UNCURK has outlived its usefulness, the Delegation should oppose any proposal by the Soviet bloc to abolish it. The Delegation should also favour a flexible position on the question of elections leading to reunification and prefer "international supervision acceptable to the United Nations" rather than "direct supervision by the United Nations to ensure free elections" because it is felt that the former could form the basis for negotiations with the other side, whereas the latter probably never will.

United Nations Emergency Force

The Delegation should, when appropriate, adopt an attitude consistent with Canada's established policy of supporting the continued operations of the United Nations Emergency Force, and the regular application of the principle of collective responsibility as the basis for financing the Force.

Questions of Dependent Territories

In trusteeship matters it has been the Canadian view that the details of the administration of trust territories should be left to the Trusteeship Council and the General Assembly should concern itself with broad principles. The Delegation should also seek to moderate the inevitable disagreements between those countries that administer trust territories or colonies and those that do not and are critical of the administering powers.

International Covenants on Human Rights

In 1954 the Commission on Human Rights submitted *draft covenants* to the General Assembly, one relating to political and civil rights, the other to economic, social and cultural rights. Since 1954, the covenants have been discussed in the Third Committee of the Assembly but only a small portion of the provisions has been adopted thus far. The discussion has progressed with difficulty chiefly owing to the different approaches of the political and legal systems represented. At the fourteenth session, various articles of the Covenant on Political and Civil Rights are to be discussed. The Delegation will be guided by detailed instructions based essentially on the following considerations:

(a) in general, Canada believes in the protection of human rights and in promoting and encouraging respect for the law and for freedom under the law;

(b) as numerous provisions fall within the legislative competence of the provincial governments, it will not be possible for Canada to adhere to them unless our constitutional position can be safe-guarded by some special provision;

(c) such covenants after ratification are legally binding instruments requiring the parties to modify their legislation accordingly.

It is nevertheless anticipated that the Delegation will be able to participate actively in the debates and to support the majority of the substantive articles discussed in the Committee.

2. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 11, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Mr. Hodgson).

. . .

INSTRUCTIONS TO CANADIAN DELEGATION TO THE 14TH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY (PREVIOUS REFERENCE SEPTEMBER 2)

6. *The Secretary of State for External Affairs* submitted instructions for the delegation to the 14th Session of the General Assembly of the United Nations. These followed broadly the policies approved for the last two sessions of the General Assembly. In the event that any departure from established policies appeared to be desirable during the course of the coming session of the Assembly, further instructions would be requested.

The matters covered in the proposed instructions included Elections to the Security Council, Disarmament, the Hungarian Question and Hungarian Credentials, Chinese Representation, Outer Space, Algeria, Palestine Refugees, the Korean Question, the United Nations Emergency Force, Questions of Dependent Territories and International Covenants of Human Rights.

An explanatory memorandum had been circulated, (Minister's memorandum, Sept. 8 — Cab. Doc. 272-59)

7. *Mr. Green* added that he hoped to be able to secure the release of General Burns from U.N.E.F. so that he could serve as Canada's representative on the proposed new disarmament committee. The Algerian problem might be particularly difficult.

8. *During the discussion* each of the items mentioned was discussed briefly. In the case of Algeria it was thought advisable not to adopt firm views until the delegation had an opportunity of sizing up the situation in New York. It would hardly be possible to vote against inscription of the Algerian question on the Assembly's agenda. In the end, however, Canada would have to support France on issues of real substance. South Africa's

position would again be difficult, but everything possible should be done to support her. It would not take much for South Africa to refuse to attend U.N. meetings or to withdraw from the Commonwealth.

9. The Cabinet,

(a) approved the instructions for the Canadian Delegation to the 14th Session of the General Assembly of the United Nations as submitted by the Secretary of State for External Affairs, reserving, however, the position on the Algerian question until the delegation had had an opportunity of assessing the situation in New York; and

(b) agreed that the Secretary-General of the United Nations be approached to ascertain if Lieutenant-General E.L.M. Burns could be released from his duties with the United Nations Emergency Force in order to serve as Canada's representative on the proposed ten-member disarmament committee.[3]

SUBDIVISION II/SUB-SECTION II

ÉLECTIONS AU CONSEIL DE SÉCURITÉ
SECURITY COUNCIL ELECTIONS

3. DEA/5475-CX-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], June 18, 1959

SOUTH AFRICA AND THE SECURITY COUNCIL

The Union of South Africa has been causing its "old" Commonwealth colleagues some disquiet over the past few months by its declared intention of seeking the "Commonwealth seat" on the United Nations Security Council at the forthcoming Assembly session, in succession to Canada whose term expires this year.

2. South Africa is, as you know, extremely unpopular in the United Nations because of its racial policies and because of its refusal to take cognizance of views adopted by the United Nations on those policies and on its disputed position in South West Africa. It was the view of the "old" Commonwealth members that South Africa could not hope to win election to the Security Council, that its candidature would be opposed by the "new" Commonwealth members and that one of them might well stand for election in open opposition to the Union, and finally that this split in Commonwealth ranks would not only be damaging to the Commonwealth itself, but might even lead to the loss, in perpetuity, of the Commonwealth's

[3] Le secrétaire général a accepté de relever le lieutenant général Burns de ses fonctions à la FUNU, et l'Assemblée générale a pris acte de cette décision dans sa résolution 1442 (XIV). Voir *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 46.

The Secretary-General agreed to the release of Lieutenant-General Burns from his duties with UNEF, a decision subsequently noted by the General Assembly in its Resolution 1442 (XIV). See *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 46.

non-permanent seat on the Council. (Commonwealth entitlement to the seat is based on a "gentlemen's agreement" reached in San Francisco, which has already been breached in some respects and has been under increasing pressure from countries which believe their areas to be under-represented.) In addition to these factors, Canada feared that South Africa, by its candidature, was courting a rebuff which could only reinforce anti-United Nations and anti-Commonwealth sentiment in the Union. This point has twice been made to the South Africans, the first time by the Prime Minister.[4]

3. Until mid-April, however, the South Africans did not discuss their candidature with us. They did, on several occasions, discuss it with the United Kingdom, although the United Kingdom, which enjoys a permanent seat on the Security Council, is less involved in the issue than the other Commonwealth members. On each of these occasions, the United Kingdom representatives did their best to dissuade the South Africans from running. These urgings had no apparent effect whatever, and in due course the South Africans extended their campaign for support to ourselves, the Australians and New Zealanders.

4. By the second week of May, the following position had been reached. Australia was prepared to support South Africa if all the other Commonwealth members did likewise, and was willing to have South Africa cite this conditional support to the others if it wished. New Zealand was prepared to support South Africa if it were the generally agreed candidate. Canada accepted South Africa's claim to the seat on rotational grounds (all but the newest members have had the seat once, and Australia and Canada have had it twice) and was prepared to state its position to the other Commonwealth members if South Africa wished, but fully reserved its position on the question of support until the views of all the others were known. The United Kingdom's position was the same as New Zealand's, but it was still urging South Africa to withdraw its candidature or at least to postpone it to 1961. One argument put to the South Africans by Lord Home was that after three "old" Commonwealth members (New Zealand, Australia and Canada) it was now really the turn of an Asian member.

5. At this point (mid-May) the first real indication of possible South African withdrawal came with an informal enquiry by Mr. Louw to a United Kingdom representative as to whether, if South Africa postponed its Security Council candidature until 1961, it could count on United Kingdom support at that time and support for an Assembly vice-presidency this year. The United Kingdom was unable to meet either proviso, apart from indicating a willingness to "explore" both possibilities, but nevertheless urged the South Africans, with renewed vigour, to take this way out.

6. Although the matter was acquiring increasing urgency — slates of candidates for various United Nations offices were beginning to take shape in New York — no South African reply was forthcoming for several weeks. Meanwhile, it was learned that the "new" Commonwealth members had got wind of the South African candidature, and were as strongly opposed to it as we had expected, and that the Ghanaians were toying with the idea of running in opposition.

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[4] Le 15 avril, au cours de sa visite de présentation au premier ministre, le nouveau haut commissaire d'Afrique du Sud a abordé la question de la candidature de l'Afrique du Sud. Voir le compte rendu de la rencontre dans MAE 5475-CX-1-40.

On April 15, during his introductory call upon the Prime Minister, the new High Commissioner for South Africa raised the issue of South Africa's candidature. For an account of the meeting, see DEA 5475-CX-1-40.

7. The affair was suddenly brought to a head on June 5 when the South African press ran a Reuters despatch from New York (apparently based on corridor gossip) revealing South Africa's candidature and the possibility of an opposing Ghanaian candidate, and commenting on the embarrassment which such a contest would cause to the rest of the Commonwealth. (To be defeated by Ghana, not only a very new Commonwealth member but also a "black" African one, would of course be the ultimate humiliation for South Africa.) The United Kingdom was preparing to urge once more that a decision be reached at once when the South Africans forestalled this latest hastener by announcing their decision to us and to the United Kingdom, Australia and New Zealand.

8. Mr. Kirsten, the South African High Commissioner, called at the Department on June 11 and said that his Government, after considering the response of the "old" Commonwealth members, and particularly representations to the effect that the Asian members felt the next turn in the Security Council seat belonged by right to a candidate of theirs, and that the South African candidature might cause dissension in the Commonwealth, had decided to withdraw. At the same time, the Union considered its claim to the seat to be unimpeachable, and therefore requested Canadian support for 1961, and, in the meantime, support for an Assembly vice-presidency this year. Mr. Kirsten was told that the Canadian Government would undoubtedly be grateful to the Union for its statesmanlike gesture in withdrawing, and that the two requests would be given immediate consideration.

9. Mr. Kirsten then presented the attached Aide Mémoire† which is quite different from his oral presentation. Instead of announcing withdrawal and making two requests, it states that South Africa is considering withdrawal but makes two provisos. Furthermore it is couched in language which would sound like very hard bargaining if the reader were not aware that the United Kingdom had in fact been urging upon the Union these two alternative courses to Security Council candidature. The Aide Mémoire, rather than the oral presentation, also closely approximates the accounts we have received, from Cape Town and Earsncliffe, of the announcements made to our High Commissioner and to the United Kingdom High Commissioner there.

10. Nevertheless, Mr. Kirsten left the impression in the Department that his oral presentation had been in accordance with his instructions, and that the Aide Mémoire represented face-saving rather than any serious thought of withdrawing the withdrawal. The time factor, indeed, would make it very difficult for the Union to decide once more to be a candidate — and it could expect to receive little support if it did.

11. Three problems remain. The first is that an alternative Asian candidate must be found (and the South Africans have made it clear that they expect an Asian and not Ghana). Our impression, from what we have learned to date, is that no Asian Commonwealth member is anxious to run, and that it will prove difficult, although probably not impossible, to draft a candidate.

12. The vice-presidency presents one difficulty. Supporting South Africa for a vice-presidency would, of course, mean that no other "old" Commonwealth country, Canada included, could seek a General Committee (vice-presidency or committee chairmanship) position this year. As you know, consideration was being given to putting forward Dr. Vivian as a candidate for Chairman of the Second Committee. There are advantages in having a Canadian fill this role and sit on the General Committee, but we might, of course, risk

offending our Commonwealth colleagues if we stood in the way of this aspect of a solution for the South African dilemma.[5]

13. Support of the Union's candidature in 1961 is more difficult. Canada has refused to commit its vote on such matters even a year in advance, and there is no reason to believe — unless some agreement can be reached among all the Commonwealth members in the meantime — that a South African candidature would present any fewer difficulties two years from now. I should nevertheless be inclined to recommend that, in these special circumstances, we go as far as possible in committing our support. (There is always a possibility that South Africa itself would decide, when the time came, not to rock the boat a second time.)

14. I therefore recommend that we inform South Africa (if you agree) of our support for a vice-presidency this year. So far as the 1961 candidature is concerned, I recommend that South Africa be reminded that we conceded the Union's claim to the seat this year, on rotational grounds, and could only have this view strengthened by the passage of time; while it would be impossible to anticipate all contingencies which might arise in two years, Canada would, subject to unforeseen developments, expect to be in a position itself to vote for South Africa, and to give the Union its support in seeking the concurrence of the other Commonwealth members in its candidature for the Security Council in 1961.

15. If you agree[6] with the foregoing, you may wish to initial the attached memorandum† for the Prime Minister, which covers the same ground as the latter part of this memorandum. Mr. Diefenbaker has followed this subject closely, and is unfamiliar only with the developments of the past few days.

N.A. R[OBERTSON]

4. DEA/5475-CX-1-40

Note du Bureau du secrétaire d'État aux Affaires extérieures pour la Direction du Commonwealth

Memorandum from Office of Secretary of State for External Affairs to Commonwealth Division

SECRET [Ottawa], June 23, 1959

SOUTH AFRICA IN THE SECURITY COUNCIL
REF: YOUR MEMORANDUM, JUNE 18, 1959

The Minister has approved the recommendations contained in para. 14 of the memorandum under reference. In giving his approval, the Minister said that we should "go as far as possible" in committing our support to the South Africans for the presidency in 1961, in line with the recommendation contained in para. 13. He added, in general terms, that this was a time when South Africa needed friends and that Canada's support might exert a useful influence on South Africa's policies and its standing in the United Nations.

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[5] Note marginale :/Marginal note:
SSEA agrees we should not risk this [Ross Campbell]

[6] Note marginale :/Marginal note:
Initialed by SSEA 23/6

The Minister did express some misgivings about having to sacrifice Dr. Vivian's candidature for the chairmanship of the Second Committee, but I think it can be assumed that since he has endorsed the South African candidature for the Vice-Presidency, he has reluctantly accepted that this precludes Canada's running for one of the chairmanships of the Committees. In response to his question, I have assured him that this will not affect Dr. Vivian's inclusion in the delegation.

ROSS CAMPBELL

P.S. The Minister has since confirmed that he agrees that Dr. Vivian should not seek the Chairmanship of the 2nd Committee.

5. DEA/5475-CX-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[7]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[7]

SECRET [Ottawa], July 15, 1959

COMMONWEALTH SEAT — SECURITY COUNCIL

You will recall that late in June you approved a message† to the South Africans regarding their conditions for abandoning their Security Council candidature this year in favour of an Asian Commonwealth member. This reply was to the effect that Canada would be happy to support South Africa for the Assembly vice-presidency this year and would expect, subject to unforeseen circumstances, to be in a position itself to vote for South Africa and to urge other Commonwealth countries to do likewise should the Union be a candidate for the Commonwealth seat in 1961.

2. This reply was very well received by Mr. Louw, but he was distressed by the replies of the other old Commonwealth members, which had been considerably less forthcoming. Subsequently, he requested the old Commonwealth members to agree to two final conditions. These were that the old Commonwealth members should agree to do their best to secure South Africa's selection as the Commonwealth candidate in 1961, and that in immediate approaches to the new Commonwealth members it should be explained that South Africa had agreed to stand down this year in favour of an Asian candidate, but would be a candidate in 1961.

3. These conditions presented no difficulties so far as Canada was concerned, and it will be observed that the first called for somewhat less than Canada had already promised. A difficulty arose, however, over the question of mentioning the 1961 candidature to the new Commonwealth members before the 1959 elections were out of the way. We considered this tactically unwise from South Africa's own point of view, as did the Australians and New Zealanders. The United Kingdom, however, took a very strong stand indeed on this point, which runs counter to an established United Kingdom policy of not entertaining candidatures in the United Nations for elections beyond those immediately forthcoming. Considerable further time was lost in an attempt by the C.R.O. to devise a reply to the South Africans with which all four old

[7] Note marginale :/Marginal note:
Seen by the Prime Minister 7/27/59

Commonwealth countries could associate themselves. In the end the British gave a unilateral reply in Pretoria, referring only incidentally to their understanding of the Canadian, Australian and New Zealand positions, and succeeded in persuading Mr. Louw to agree to a formula which would avoid immediate mention of the 1961 candidature.

4. Meanwhile a further difficulty had arisen. Ghana had indicated an interest in the Commonwealth seat and it became known that the Ghanaians were doing some quiet lobbying even among non-Commonwealth delegations. We sought to impress upon the Ghanaians in Accra that selection of a Commonwealth candidate was a matter for discussion, and if possible agreement, within the Commonwealth before being carried to a wider arena. The Ghanian Foreign Minister fully agreed with this point, and when Ghana's candidature was firmly announced and became a matter of public knowledge, a few days ago, he claimed that the Acting Permanent Representative for Ghana in New York had far exceeded his instructions. However this might be, the harm was done.

5. The Department is now, in close consultation with the other old Commonwealth members, addressing itself urgently to the two remaining problems: persuading Ghana to stand down and finding an alternative Asian candidate.

6. So far as the second of these is concerned, there appears to be general agreement among the old Commonwealth members that the Commonwealth candidate this year should be an Asian country and that *faute de mieux*, Ceylon, as the senior Asian Commonwealth country that has never served on the Security Council, is probably the best available.[8] There are indications that India in particular, which would like to replace Ceylon as a candidate for ECOSOC, would support this suggested solution. At the same time, it is probable that India and the other Asian members will none of them move to ease South Africa's embarrassment by urging Ghana to postpone its candidature.

7. The South African position appears to be that the Union will still run if Ghana does not step down, but it is hoped that this will not have to be put to the test.[9]

N.A. R[OBERTSON]

6. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 13, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),

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[8] Ceylan a accepté de se porter candidat pour le siège au Conseil de sécurité, et le Ghana s'est retiré par la suite.

Ceylon did agree to stand as a candidate for the Security Council seat, and Ghana subsequently withdrew.

[9] Notes marginales :/Marginal notes:

SSEA said he would leave it to the USSEA how best to handle this difficult situation R. C[ampbell] 20/7.
Seen by the Under-Secretary R.M. M[acDonnell].

The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Public Works (Mr. Walker).
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Mr. Hodgson).

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UNITED NATIONS, SECURITY COUNCIL ELECTIONS; POLAND
(PREVIOUS REFERENCE SEPTEMBER 28) †

15. *The Secretary of State for External Affairs* reported that, as instructed, the Canadian delegation was supporting Poland's candidature for the East European seat on the Security Council. The United States was supporting Turkey and had persuaded a number of other countries to take the same stand. He felt that, if Turkey were elected, the Commonwealth seat on the Council would be endangered in the future. Obviously the U.S. was conducting a cold war manoeuvre which he felt was undesirable under present conditions.

16. *The Cabinet* noted the report of the Secretary of State for External Affairs on the elections for the Security Council of the United Nations.

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7. DEA/5475-CX-1-40

Note de la Direction du Moyen-Orient
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Middle Eastern Division
to Under-Secretary of State for External Affairs

SECRET [Ottawa], October 16, 1959

SECURITY COUNCIL ELECTIONS

At the end of Sir Roger Stevens' interview with the Minister this afternoon, Sir Saville Garner who had accompanied Sir Roger, raised with the Minister the question of the election of Turkey or Poland to the Security Council and gave the Minister a paper on the subject. In response to Sir Saville's initiative, the Minister restated the Canadian position much as it has appeared in recent telegrams. He drew attention to

(a) the lateness of the Turkish entry into the field of competition;

(b) Canadian determination not to change position under pressure;

(c) Canadian hope that since Yugoslavia did not appear to stand much chance as a compromise candidate, the term would be split between Poland and Turkey or that Turkey should gracefully withdraw;

(d) the Government's concern that a switch in the Canadian position now would not be popular in Canada (the Minister mentioned criticism of their respective Governments by the *Washington Post* and the *London Times*);

(e) the fact that Canada had not given any formal commitment to Poland but that Canada saw no reason to vote for Turkey in order to improve the voting mathematics in the Security Council.

2. Other points of interest raised in the course of discussion included the following. The Minister referred to his concern at the American tendency, which he had noted during his time at the United Nations, to take a shot at any Russian head that was raised. He conceded that the position of responsibility for free world defence occupied by the United States might explain the United States attitude — Canada, if it were in the same position, might think the same way, but Canada was not. He did not think that the United States was right in always reacting so adversely to Soviet suggestions: there must be more than one side to most of the issues that were raised. In the present instance he wondered why Turkey had been brought in at the last moment. Sir Saville explained that this had related partly to uncertainty as to whether Greece would have run. The Minister asked why Turkey should run if Greece would not. Sir Roger Stevens volunteered in answer that the Turks took a somewhat more spirited stand against the Soviet bloc and that they thought they had strong backing for an attempt to secure election to the Security Council. Sir Saville Garner, referring to the Minister's suggestion that the solution might be for Turkey to withdraw, said that he thought the Turks now considered their prestige heavily engaged and that it would be unlikely that they would drop out of the competition. The Minister did not comment directly on this possibility but merely reiterated his belief that a mistake had been made over this whole issue. He conceded that it might be a Canadian mistake but he did not think so. He queried Sir Saville on the basis for the United Kingdom's decision to support Turkey, implying that perhaps the United Kingdom, which also had a senior role to play in the Western Alliance, might have found it more difficult than Canada to differ with the United States on this question. Sir Saville replied that his Government had decided that it should support Turkey for its own reasons and that the United Kingdom's decision was not entirely derived from that of the United States. The minister noted that he had informed the American Ambassador this morning that the Canadian position would remain unchanged.

E.R. RETTIE

8. DEA/5475- CX-1-40

Le ministre à l'ambassade des Etats-Unis
au premier minister

Minister, Embassy of United States,
to Prime Minister

CONFIDENTIAL Ottawa, October 30, 1959

Dear Mr. Prime Minister:

In the absence of the Ambassador, I am taking the liberty of sending you the text of a personal message from the Secretary of State for the Minister of External Affairs. The United States Embassy in Paris has been requested to deliver this message to Mr. Green.

"October 29, 1959.

Dear Mr. Green:

Bob Murphy has told me of his recent conversation with you on the Security Council election issue. I gather that you believe either a split term similar to the arrangement made between Yugoslavia and the Philippines in 1955 or a compromise candidate offers the best solution to the present impasse in the General Assembly. As you know, the United States is strongly supporting the Turkish candidacy. Turkey has now taken the lead in the balloting and we believe that Turkey can be elected. Our respective appraisals of the present situation would therefore appear to differ. This causes us serious concern and I would like to set forth for your consideration our reasons for attaching such importance to the election of Turkey.

Whatever may have been the original issues in this election, we believe the course of events has given it great significance. It is apparent that Turkey's difficulty must be attributed in large part to the lateness of its candidacy. It is also apparent that a number of members of the Western world are inclined to be more generous to Poland than to other members of the Soviet Bloc, perhaps in recognition of Poland's efforts to attain a greater degree of independence. In this instance, however, it seems evident that the Soviet Union is capitalizing on Poland's relative attractiveness to the non-Communist world. We have noted that the U.S.S.R. is usually rather meticulous about distributing important United Nations offices among the various satellites, and there is certainly unusual significance in the fact that Poland was chosen this year to campaign both for the Economic and Social Council and the Security Council.

We believe that Soviet motives in this situation are based on several factors. As you know, the U.S.S.R. claims that the seat currently occupied by Japan 'rightly' belongs to Eastern Europe, despite the fact that no member of the Bloc has held the seat since 1949. The U.S.S.R., therefore, seeks to take advantage of the currently hopeful international atmosphere to reestablish a permanent claim to this seat, which it would most certainly assert if Poland were actually elected. We believe it is important to maintain the concept of the seat as 'floating,' in order to meet the minimum requirements for West European, Asian, and African representation.

We believe the Soviet Bloc is also attempting to demonstrate, at a critical psychological moment, its ability to exercise a *de facto* veto within the General Assembly, through a process of splitting the Western states. The achievement of a split on an important issue, in itself, is probably a matter of considerable importance to the U.S.S.R. It is inevitable, of course, that the sovereign nations of the West will tend to take somewhat different attitudes towards Soviet policies and tactics, since none of us would ever wish to achieve the monolithic unity that is imposed upon the members of the Soviet Bloc. Nevertheless, I am disturbed whenever the Soviet Union finds evidence that its tactics of dividing the Western nations seem to be succeeding, since any evidence of success is likely to encourage the U.S.S.R. to step up such tactics in preference to engaging in serious negotiations. In this instance, failure to elect Turkey would generally be regarded as a rebuff to the West. It would be attributed to a split in Western solidarity and regarded as an indication of declining influence just when the West is about to undertake important negotiations with the Soviet Union. All of us would be put at a psychological disadvantage in our negotiations, and the Soviet Union can be counted upon to take full advantage of such a situation. These repercussions, in our view, may be expected if the future course of the balloting at the General Assembly leads to anything short of the outright election of Turkey.

Turkey, in view of its record of cooperation in the United Nations and as a fellow member of the free world's collective security system, can be expected to add dependable strength to

the Security Council. The election of any Soviet Bloc member, including Poland, would add a government that will do nothing except parrot the Soviet line. Moreover, while I agree with you that there is no vast difference between a ten-to-one as against a nine-to-two vote in the Security Council, there is a very great difference between a ten-to-one as against a seven-to-four or a seven-two-two vote in the Council. With Ceylon coming on the Council, the latter situation is one we might face if Poland were to be elected and if a confirmed neutralist is elected next year to succeed Tunisia, which is likely. In the event there should be any increased recourse to the Security Council, we cannot believe it would be consonant with free world interests to have the voting indicate a substantial growth in international support for Soviet positions.

We are disturbed by the prospect that the return at this time to the Soviet Bloc of a seat that it has not held since 1949 will be misinterpreted as a reward for Soviet intransigence. It is the Soviet Union, after all, that has consistently prevented what both you and we have felt to be of real importance in view of the constantly growing membership of the United Nations, namely, any enlargement of either the Economic and Social Council or the Security Council. To permit the Soviet Bloc to improve its voting position on either Council while this condition prevails would be most undesirable in our view.

It would be equally undesirable, we believe, to have the Soviet leaders or the world in general interpret the election of Poland as a result of the preliminary efforts that the West has undertaken to reach a closer understanding with the Soviet Union on important international issues. If the Soviet Union is encouraged to believe that the mere hope of a détente is sufficient to obtain concessions from the West, we can hardly expect it to take concrete steps to give substance to this hope. Real progress toward disarmament, significant political settlements and lasting peace will be a matter of hard bargaining at best, and there is no reason to believe that we will improve our position in this bargaining process through gestures of unrequited generosity. The United States certainly has no desire to intensify the 'cold war' on any front, major or minor, but we are painfully aware that the 'cold war' is the result of Soviet initiatives, and we fervently hope that our friends and allies will stand firmly with us in refusing to abandon our resistence to basic Soviet ambitions. In brief, I am convinced that premature and unilateral concessions to the Soviet Union at this time could gravely damage our prospects for achieving a genuine and mutually satisfactory settlement of important issues at a later date.

The fact that Turkey is now in the lead indicates that a number of countries have already shifted their vote from Poland. I would hope that you might find the considerations I have outlined above sufficiently compelling to warrant a similar shift on the part of Canada.

With warmest personal regards,

Most sincerely,

CHRISTIAN A. HERTER."

The Embassy assumes that the above message will be delivered to Mr. Green in Paris today.

Sincerely yours,

TYLER THOMPSON

9. DEA/5475-CX-1-40

Extrait du rapport final de la quatorzième session de l'Assemblée générale

Extract from Final Report on the Fourteenth Session of the General Assembly

AGENDA ITEM 15

CONFIDENTIAL [Ottawa, n.d.]

ELECTION OF THREE NON-PERMANENT MEMBERS OF THE SECURITY COUNCIL

Three of the six non-permanent members of the Security Council are elected each year by the General Assembly for a two-year term, and retiring members are not eligible for immediate re-election. A two-thirds majority of the votes of those members present and voting is required for election. The voting is secret.

2. The non-permanent members of the Security Council during 1959 were: Canada, Japan, Panama, Italy, Argentina and Tunisia. The term of office of the first three expired on December 31, 1959. In accordance with the conventional distribution of the non-permanent seats under the "gentleman's agreement" of 1945, they should have been replaced by members from the Commonwealth, Eastern Europe and Latin America respectively.

3. In the case of the Eastern European seat the established convention has not been upheld even formally, in the geographical sense, since 1956. Because of a deadlock at the tenth session, an agreement was reached under which Yugoslavia (Eastern European candidate) served for 1956 and the Philippines for 1957. Japan was elected to succeed the Philippines partly as the result of growing pressure for greater Asian representation and partly because of wide-spread opposition to a Soviet bloc candidate following the events in Hungary. In fact Soviet bloc candidates have been successful in only two of the seven elections for the "Eastern European" seat: Yugoslavia (1950-51), Greece (1952-53), Turkey (1954-55), and Japan (1958-59) were elected over the opposition of the Soviet bloc. The United States Government maintains that the "gentleman's agreement" of 1945 was valid for only the first election. In fact, however, the convention has always been upheld for the allocation of other seats including the Commonwealth seat.

4. There were four known candidates for the seats to be vacated on December 31, 1959: Ceylon (Commonwealth), Ecuador (Latin American); and for the "Eastern European" seat, Poland and Turkey. Poland had announced its intention as the Soviet bloc candidate well in advance. Turkey announced its candidature after the beginning of the fourteenth session, largely at the request of the United States and the United Kingdom, and after Greece had declined the honour.

5. Ceylon and Ecuador were elected on the first ballot, but there were then 50 further inconclusive ballots, held at intervals during the session, to try to break the deadlock between Poland and Turkey. Finally a compromise similar to that of 1955 was reached on the last night of the session. It was agreed that Turkey would withdraw from the contest on the understanding that Poland would resign at the end of 1960 to make way for Turkey's election for the second half of the two-year term. In accordance with this agreement, Poland was elected on the fifty-second ballot on December 12, and announced that it would resign in favour of Turkey after serving on the Council for one year.

Canadian Position

6. Canada has upheld the 1945 agreement with one exception. We supported Japan in preference to the Soviet candidate in the election held in 1957 because of the special circumstances noted above. At the fourteenth session we decided to support Ceylon as the agreed Commonwealth candidate to replace Canada, Ecuador as the agreed Latin American candidate to replace Panama and Poland as the Soviet bloc candidate for the Eastern European seat.

7. Our position with respect to Poland was contrary to that of the United States, the United Kingdom and a number of other close friends and allies. However, our position was shared by a number of "respectable" associates such as New Zealand, Norway, Denmark and the Netherlands. Representations were made to us in Ottawa, New York, London, Paris, Ankara and Washington in an (unsuccessful) effort to persuade us to change our minds.

8. The basic arguments put forward on behalf of Turkey were that:

(a) the "gentleman's agreement" could not be construed to mean that the Eastern European seat should be held exclusively by a Soviet bloc candidate, and precedent supported this view;

(b) so long as the USSR blocked attempts to enlarge the Security Council to permit a more equitable geographical representation it was reasonable to support Asian candidates for this seat from time to time; unwillingness to regard this as a floating seat might place the Commonwealth seat in jeopardy;

(c) it was unreasonable for one country to be elected to two major councils at the same session;

(d) the election of Poland this year, together with Ceylon, and the probable replacement of Tunisia by the UAR in 1961 could mean a serious weakening of Western influence in the Security Council. Positive action even by means of procedural decisions as in the case of Laos would require all 7 remaining votes. If, in the meantime, Communist China were to replace Nationalist China or a "Cuba-like" development took place in one of the 2 Latin American members of the Security Council, the position could be intolerable for the West;

(e) the Soviet Union was cynically exploiting the Western view that the position of Poland was unique in the Soviet bloc;

(f) Turkish candidacy was "a service to the West" and therefore its allies should support her; and

(g) whatever the merits of the case, a Polish victory after so many ballots would be regarded as a Soviet victory, as a split in Western solidarity, and as evidence of declining Western influence on the eve of very important negotiations with the Russians.

9. In our view these arguments individually and collectively were not convincing. In the first place, the lateness of the Turkish "nomination" made it look very much like a "cold war" exercise. In addition we considered that with only one seat of eleven on the Security Council the Soviet bloc was under-represented in terms of both geography and power. With regard to the "gentleman's agreement" we argued that, even if this was not meant to apply exclusively to Soviet bloc candidates, the latter still had a particularly strong claim this year since they had occupied it for only two terms out of seven. At the same time a substantial weakening of the "gentleman's agreement" might jeopardize the Commonwealth seat.

10. The basic argument of the supporters of Turkey seemed to be the question of future voting strength. In this regard we argued that the majority, whether of an order of 10 to 1 or of 7 to 4,

was of less importance than the validity or moral value of the positions adopted on a particular issue. The election of Poland might in fact re-vitalize the Security Council since the USSR would feel less isolated. An increase in Soviet bloc representation on the Security Council might also reduce the pressure for "parity" in other United Nations bodies.

11. For these reasons, Canada decided not to switch its vote when it became clear that a deadlock had been reached, and concentrated instead on encouraging the parties principally concerned to reach a compromise. A split term seemed to offer the best possibility of a resolution of the deadlock, since no other acceptable candidate was prepared to enter the content, and Canada directed its efforts therefore toward the promotion of this possibility. There is good reason to believe that these Canadian efforts were responsible, to a very considerable extent, for the final achievement of a compromise, and this role of ours was recognized by the fact that Canada was invited to make one of the congratulatory statements in plenary when the compromise was announced.

Action in Plenary

12. Balloting for the three Security Council seats began on October 12. Ecuador (by 77 votes) and Ceylon (by 72 votes) were elected on the first ballot while Poland secured 46 votes and Turkey 36. There were 12 more inconclusive ballots during the same day for the third seat. The maximum number of votes received by each candidate at different times was 48 for Poland and 38 for Turkey. In accordance with the rules of procedure there were alternate series of 3 unrestricted ballots, and series of three ballots restricted to the two top candidates on the last unrestricted ballot. Poland retained a comfortable margin throughout the first day's balloting but was unable to secure a two-thirds majority. An Argentine motion to postpone the election after the 13th ballot and move on to other items on the agenda, including the election of 6 members of the Economic and Social Council, was approved by a roll call vote of 43 in favour (including Canada), 14 against and 24 abstentions. A Soviet amendment to postpone the elections to both Councils was first rejected by a vote of 22 in favour, 34 against and 25 abstentions (including Canada).

13. In the voting for ECOSOC, Poland was elected on the first ballot — with the support of the United States, United Kingdom and others opposing its election to the Security Council. The tactical significance of this was soon made clear by the United States Delegation, which privately emphasized the undesirability of electing Poland to the Security Council now that it had been elected to ECOSOC. (The fact that Turkey, Canada and others had held overlapping terms on both these Councils was not considered relevant since no one had ever been actually elected to both Councils at the same session!)

14. Balloting for the Security Council was resumed on October 13. There were 12 more inconclusive ballots. Poland retained the lead throughout with a somewhat reduced majority and on the 25th ballot the vote was 43 for Poland and 36 for Turkey. During the course of unrestricted ballots various "dark horses" appeared. In particular Yugoslavia received as many as 7 votes, but it was clear that no significant change of heart had taken place, and that no real trend towards Yugoslavia was developing. Balloting was therefore postponed until October 19.

15. Six more inconclusive ballots were held on October 19. Poland was ahead in four of them with a reduced majority, and Turkey in two, including one by 42 to 39. Further balloting was then postponed for two weeks.

16. Balloting was resumed on November 3 with six more inconclusive attempts. On the first ballot Poland received 39 votes and Turkey 36 while on the last one of the day Turkey received 42 and Poland 38. Voting was again postponed for two weeks.

17. A further six inconclusive ballots on November 17 saw Poland take the lead again on five ballots while the sixth was a tie. On the 43rd ballot of the series Poland obtained 42 votes and Turkey 39. Voting was again postponed for two weeks until December 1.

18. On the eve of the November 17 voting both candidates publicly confirmed their candidacy. Attempts to secure agreement on a compromise in the intervening two weeks had failed although at one stage the Turkish Delegation let it be known that they would accept a split term. When Poland failed to follow suit, the United States and the United Kingdom tried to exploit this alleged intransigence of Poland to increase support for Turkey, but to no avail.

19. By this time many delegations, although not convinced of the validity of the Turkish claim to the seat, had become concerned with the effect of the deadlock on the reputation of the United Nations. In addition, it was not clear whether the Security Council would be able to function legally if the eleventh member failed to be elected. Efforts on the part of the Canadian and like-minded delegations to convince the principals of the need to compromise were therefore redoubled.

20. These efforts continued to be unsuccessful however and on December 1 the General Assembly conducted six more inconclusive ballots. Poland won three of these and Turkey two, while the remaining one was a tie. The vote on the final ballot of this series was 42 for Turkey and 39 for Poland.

21. In view of this continuation of the deadlock, and on the initiative of Canada, fourteen countries that had been voting for Poland (Canada, Norway, Denmark, Sweden, Finland, Ireland, Austria, Panama, Venezuela, Ecuador, Brazil, Argentina, Mexico and Cuba) decided to make joint representations to the parties concerned with a view to convincing them of the desirability of agreeing to a split term as the most practical solution of the problem. The Vice-Chairman of the Canadian Delegation, after prolonged consultations with these countries, informed the Representatives of Poland, Turkey, the Soviet Union and the United States of the widespread anxiety that a properly constituted Security Council should be in existence at the end of the session. Turkey had already expressed its willingness to negotiate a compromise, and as a result of these representations Poland and the USSR also indicated that they would consider the possibilities of a split-term. They undoubtedly realized that all fourteen countries had it in their power, if they so chose to switch their votes and elect Turkey in order to ensure the continued functioning of the Security Council.

22. In spite of these developments behind the scenes a settlement had not yet been agreed upon when voting was resumed on December 11. Two further inconclusive ballots, in both of which Poland received 41 votes and Turkey 37, were held before Canada proposed an adjournment to give the parties concerned a final opportunity of negotiating an agreement. This proposal was accepted and negotiations continued throughout the final day of the session. Finally, the President announced late on the night of December 12 that Turkey would withdraw from the contest in favour of Poland on the understanding that Poland would resign in its favour at the end of 1960. In accordance with this agreement, Poland was elected on the fifty-second ballot by 71 votes. Turkey received 3 votes, and Greece and Yemen 1 each.

23. Although the General Assembly succeeded, therefore, in electing three non-permanent members of the Security Council, the question of principle underlying the conflict between Poland and Turkey was not settled. No decision was taken on the validity of the "gentleman's agreement" of 1945. Both Poland and the U.S.S.R. emphasized in statements to the Assembly that their agreement to the compromise did not imply any change in the position of the Soviet bloc regarding Security Council elections, and especially Eastern European countries. They expressed the hope that there would be no further discrimination against Eastern Europe.

24. Turkey, on the other hand, asserted that the agreement this year should not be taken as applying to the allocation of this seat after 1961. The United States position remained unclear. While the United States Representative said that such a deadlock should be avoided in the future and that his country had not and would not discriminate against any area or any country, he did not endorse the "gentleman's agreement." Indeed, he said only that Security Council elections should be conducted in accordance with Article 23 of the Charter. The possibility remains open, therefore for stalemates of this kind to recur in the future, and the continuation of this situation can only be prejudicial to the prestige of the United Nations.

Action Required

25. Poland will resign from the Security Council at the end of 1960, and in accordance with the compromise agreed upon this year, the fifteenth session of the General Assembly will be called upon to elect Turkey to the vacancy thereby created. There will be no other candidate for this seat. Canada should, of course, support Turkey next year.

26. Serious consideration should be given before the sixteenth session, when this whole question of the Eastern European seat in the Council will come up again, to achieving a generally acceptable application of the principle of equitable geographical representation, whether by a reassertion of the 1945 "gentleman's agreement" or by the definition of some new formula. This consideration should be, of course, in conjunction with that which will be given to the question of enlarging the Security Council.

SUBDIVISION III/SUB-SECTION III

DÉSARMEMENT
DISARMAMENT

10. DEA/50271-K-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL Ottawa, August 13, 1959

FUTURE DISARMAMENT NEGOTIATIONS

A few days before the close of the Conference of Foreign Ministers,[10] they gave considerable attention to the question of possible arrangements for future disarmament negotiations. From time to time earlier, views had been exchanged. Mr. Herter had proposed to Mr. Gromyko a group of eight — the Four Powers plus Canada, Italy, Czechoslovakia and Poland. Mr. Hammarskjöld, while visiting Geneva, had outlined a scheme for a different group of eight — the Four Powers plus Canada and a Soviet-bloc country, which might be Poland, and two "uncommitted" individuals who would have been elected Chairman and Rapporteur of the Disarmament Commission. Mr. Gromyko indicated a preference for a parity formula similar to that used in the surprise attack discussions, that is, five Western and five Soviet-bloc participants. Since the Soviet Union was evidently intent upon securing East-West parity and the exclusion of neutrals, the other three Foreign Ministers concluded that they should accept the Soviet scheme. They also concluded that, in order to avoid creating the precedent of parity in the United Nations, it would be preferable to set the group in independently and bring it into relationship with the United Nations by having it report to the General Assembly or the Disarmament Commission and by having the United Nations Secretariat handle the administration of the meetings.

On August 5 the Acting High Commissioner for the United Kingdom asked me whether the Canadian Government would agree to the arrangements envisaged, i.e., a group of ten consisting of five Western and five Soviet-bloc members. The United States in Washington and the French in Paris made parallel approaches to our Embassies. Mr. Green agreed with me that, although the group proposed by the Soviet Union was by no means ideal, if the Four Powers were prepared to agree upon it we should not disturb such agreement without strong cause. I accordingly informed Mr. Cumming-Bruce that the proposed group would be acceptable and that Canada would be pleased to participate, and sent similar messages to Paris and Washington. At the same time I urged that further consideration be given to setting up the group within the Disarmament Commission in order to re-assert the interest of the United Nations and to have the possibility of a permanent "neutral" chairman who could promote the orderly conduct of the discussions.

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[10] La Conférence des ministres des Affaires étrangères sur Berlin, qui a eu lieu à Genève du 11 mai au 5 août 1959.
The Conference of Foreign Ministers on Berlin, which met in Geneva from May 11, 1959 to August 5, 1959.

Mr. Hammarskjöld was far from pleased with the Four Power scheme for a group consisting in equal parts of representatives of NATO and the Warsaw Pact, and started a campaign to secure the acceptance by the Four Powers of measures which would establish a firm link between the new group and the United Nations. The basic ideas he has been promoting are that, as a first step, the Disarmament Commission should be convened; that the Four Powers should make a statement of intention to the Commission, making it clear that negotiations in the Ten-Power group would be preparatory to the Commission's consideration of the disarmament problem and would be reported to the Commission; and that the Commission should report these developments to the General Assembly, thereby providing the basis for an unrestricted debate on disarmament.

These suggestions seem to me to represent the kind of action which would be helpful in asserting the United Nations interest. The United States, the United Kingdom and especially France are opposed to setting up the new group within the Disarmament Commission (among other reasons, in order to avoid the introduction of the parity principle into the United Nations). Indeed, the Secretary-General himself would not wish to see a group composed in the projected manner represented as a United Nations body. However, the United States, the United Kingdom and even France at this stage appear prepared to follow procedures which would meet most of the points raised by the Secretary-General. I have already sent preliminary views on how the Secretary-General's ideas might be applied in practice to Washington, London, Paris and Rome.

The probable course of events is: first, consultations among the five Western members, followed by a discussion in the NATO Council. Then detailed negotiations with the Soviet Union would take place, leading to an announcement of the Four Power agreement. Until that stage is reached, it seems unlikely that there will be any requirement for a Canadian public statement.

N.A. R[OBERTSON]

11. DEA/50271-K-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1008 New York, August 19, 1959

SECRET. OPIMMEDIATE.

Repeat Washington, London, Paris, NATO Paris, Geneva (Information).
Rome, Bonn, CCOS W/C Mitchell from Ottawa.

DISARMAMENT

In the course of our talk yesterday the Secretary General touched upon the proposal for a ten-member disarmament body and its relationship to the UN. Mr. Hammarskjöld said that he considered that in his memorandum of August 5, he had outlined the correct approach to this relationship. He was gratified to understand that the UK, USA and ourselves agreed with this approach although he understood that the French were still making difficulties. He said that he had told Tom Hamilton of the *New York Times* (whose news stories as you will recall first suggested that disarmament was being moved from the UN) that the worse service he could do

to the cause of UN was to suggest that it was planned from now on to deal with disarmament "outside" the UN. In this general connection, Mr. Hammarskjöld showed me in confidence the opening paragraph of his annual report to the UN which deals with the general topic of negotiations on disarmament and other subjects connected with peace and security taking place outside the organization. In the course of this paragraph Mr. Hammarskjöld makes reference to Articles 33 and 36 of the UN Charter as evidence that it was always contemplated that solutions to such problems should in the first instance be sought by the parties by peaceful means of their own choice. The Secretary General then develops this theme to welcome the continuance of such negotiations and to argue that they are not repeat not in any way in contradiction with the purposes and principles of the Charter. He told me that he hoped that this approach coming from him would put a quietus on any attempts in the General Assembly to protest that the UN was being weakened by proposed negotiations on disarmament and other subjects which might take place between groups of its members.

2. With regard to the projected ten-member disarmament body Mr. Hammarskjöld reiterated his view that nothing should be done to suggest that such a body was an organ of the UN. It would be impossible to accept that parity as envisaged in the ten-member body was the correct basis for a UN organ dealing with a global subject like disarmament as it took no repeat no account of the principle of geographical distribution. He could imagine some other fields (which he did not repeat not define) in which a UN organ might be based upon parity but not disarmament. I asked whether he contemplated that any proposal before the General Assembly e.g. the Irish resolution on nuclear weapons could be referred to the ten-member body by the Assembly. He said that this would be impossible as it would involve implicit recognition that the ten-member body was an organ or sub-organ of the UN.

3. I asked Mr. Hammarskjöld how he envisaged the future of the Disarmament Commission or whether he was thinking of any successor body to it. He said that the election of a successor body would involve great complications and difficulties. He believed that the only solution was for the Assembly to continue the existence of the eighty-two member Disarmament Commission.

4. Mr. Hammarskjöld said that it would be very regrettable if the Disarmament Commission did not repeat not meet before the General Assembly. He was convinced that a meeting at the permanent representatives level and before the arrival of the Foreign Ministers (in this connection he referred to presumably Krishna Menon) would be much preferable. No repeat no doubt there would be further discussion of the proposal for the ten-member disarmament body in the General Assembly but a meeting at the permanent representatives level would thoroughly canvass the subject and thus would make later emotional debate less probable.

[C.S.A.] RITCHIE

12. DEA/50271-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1137 New York, September 10, 1959

CONFIDENTIAL. PRIORITY.
Reference: Our Tel 1121 Sep 9.†
Repeat Washington, London, Paris, NATO Paris, Geneva (Information).
Rome, Bonn, CCOS (W/C Mitchell) from Ottawa.

DISARMAMENT

The Disarmament Commission met this afternoon and completed its consideration of the question before it with the unanimous adoption of a resolution,[11] the text of which is given in my telegram 1136.† Before the meeting, in response to criticisms from a group of "uncommitted" countries at the psychological effects of the resolution being sponsored by the Big Four on top of the issuance of the communiqué and the calling of the meeting of the commission at their request, the Big Four agreed to let the resolution go forward in the names of Ceylon, Ecuador, India, Indonesia, Ireland, UAR and Yugoslavia. You will note that the resolution as adopted differs from the draft given in our telegram 1120† in two major respects. The composition of the new Ten-Power Disarmament Committee is not repeat not given nor indeed is the committee mentioned anywhere in the resolution. Furthermore the recommendation concerning the continuation of the Disarmament Commission is without time limit.

2. The meeting opened with the Secretary General in the Chair and Padilla Nervo of Mexico was elected Chairman by acclamation on the nomination of Burma, seconded by Ecuador. It was notable that not repeat not only did the Soviet Union not repeat not oppose Padilla Nervo but the representative of the USSR spoke in support of his candidature. No repeat no mention was made of electing other officers.

3. As agreed, the Big Four spoke first followed by India who presented the draft resolution on behalf of the co-sponsors the majority of whom also intervened later in the debate. Mr. Ritchie spoke briefly as did the representative of Italy and the representatives of the four Soviet bloc members of the Ten-Power body. Text of Mr. Ritchie's remarks† are going forward by bag tomorrow. The debate revealed no repeat no opposition except from Cuba to the setting up of the new body but almost all who spoke laid stress on the ultimate responsibility of the UN for disarmament matters. The hope was also expressed not repeat not only that the renewed consultations in the Ten-Power body would bring progress but also that there would be frequent progress reports to the Disarmament Commission. The only real expression of uneasiness came from the representative of Greece in connection with the reference in paragraph 3 of the Four-Power communiqué to the Four-Power conception of the committee as

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[11] Commission du désarmement, 65e séance, DC/146. Voir le texte de la résolution dans *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 6.
Disarmament Commission, meeting 65, DC/146. For text of resolution, see *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 6.

a useful means of exploring avenues of progress towards such agreements, etc. as may be of particular relevance to the countries participating in the deliberations. This formulation had possible regional connotations which Greece was uneasy about since they were not repeat not represented on the committee.

13. DEA/50271-K-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 12, 1959

DISARMAMENT

Since the Four Powers agreed on the broad procedures for resuming general disarmament negotiations I have been given much thought to the part that Canada might play in the Ten Power Disarmament Committee and have discussed the matter at some length on a number of occasions with the officials concerned. I hope to let you have in the course of the next few weeks a series of papers on various aspects. First of all, I thought it might be useful to draw a few broad conclusions from our experience.

Canada's special position in disarmament discussions is based upon our participation in atomic energy development during the war. You will recall that in November, 1945 Prime Minister King joined with Prime Minister Attlee and President Truman in a declaration calling for the international control of atomic energy to the extent necessary to ensure its use for peaceful purposes only and for the elimination of atomic weapons from national armaments. Substantially the same declaration was made by the Four Power attending the Moscow Conference in December, 1945. With minor changes the same text was incorporated in the first resolution adopted by the General Assembly in January, 1946 when it established the United Nations Atomic Energy Commission with Canada as a permanent member.

Since that time Canada has come to be regarded as a normal participant in disarmament negotiations: when the AEC arrived at a deadlock we participated in negotiations in 1948 and 1949 confined to the permanent members in an attempt to find a basis for agreement; when the AEC and the Commission for Conventional Armaments had both plainly lost all momentum we were members of the committee of twelve established by General Assembly Resolution 496 V of December 13, 1950 to recommend ways of advancing matters; we were made permanent members of the Disarmament Commission established by Resolution 502 VI of January 11, 1952; we participated as one of the five "powers principally involved" in the work of the sub-committee of the Disarmament Commission which met at great length during the period 1954-1957 (as the sub-committee held most of its sessions in London while I was High Commissioner there my own most direct contacts with disarmament negotiations were during this phase); we were one of the four Western participants in the Conference of Experts on the Detection of Nuclear Explosions in July/August, 1958; we were one of the five Western participants at the Conference of Experts on Methods of Preventing Surprise Attack in November/December, 1958; and most recently, of course, we have been included in the Ten Power Disarmament Committee.

Particularly during the early stages, we tended to consider that we had a certain "representative" quality and that we should be the medium through which the views of the

lesser powers might be heard. I think that we do have a sort of responsibility of this kind, but experience on the whole suggests that the most fruitful way of meeting it usually has been and probably will be less by way of occasional public exhortation than by continuous and quiet efforts in private at all levels. Because of our status we have been approached often by interested governments as a channel for advancing their views, and in several cases we have developed useful working relationships (I have in mind particularly Norway, Australia, Japan and Yugoslavia). Such interested governments have recognized, as we have done, the limitations within which increasingly we have had to work as the lines between East and West became more and more formally drawn.

The fact of the matter is that no matter how we may try to disguise it there are only two sides to the disarmament discussion. I think it is fair to say that the influence of even such a country as India is negligible except when it makes common cause with one or other of the principals. The result has been that to a surprising extent Canada's own negotiations have been for the most part with our allies, and particularly with the United States rather than with the Russians. Our purpose has been to influence the broad plan of the Western nations and its presentation because we ourselves have very little to offer in negotiations with the Soviet Union.

This is no more than recognition of a point which is usually overlooked by those editors and members of the public who urge Canada to take the lead in disarmament, namely, that most of the disarming has to be done by the nations which have most of the armaments and armed forces. Experience has shown that those of our allies who have the most disarming to do (and on whom, incidentally, we place reliance for our defence and the defence of the Western world) are not invariably grateful for proposals drawn up by those who do not have to carry them out. However, I think it is only fair to say that we have always been given a careful and attentive hearing in Washington and London and often our suggestions have been accepted. I might add that some at least of the same suggestions if made publicly might have been difficult for the United States, the United Kingdom, or France to adopt.

I have little doubt that in the Ten Power Disarmament Committee our most useful role again will be close collaboration with the United States, United Kingdom, France and Italy in the development and presentation of common proposals. Nevertheless, in the improved atmosphere which has made possible the resumption of disarmament negotiations in the Ten Power Committee and which has set the stage for Mr. Khrushchev's sweeping proposals in the General Assembly,[12] there would also seem to be a greater opportunity than hitherto for Canada to exercise a useful influence on the Soviet Union and its four allies at the conference table, with whom the conference will bring us into daily close contact over long periods. The prospect of making good use of these contacts suggests that their value will be enhanced if we normalize our diplomatic relations with Czechoslovakia and Poland. The fact that we have no diplomatic mission in Bulgaria or Roumania will make it more difficult to derive similar benefit from our contacts with their delegations, but I should hope that we could also turn these contacts to advantage in the long run.

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[12] L'initiative de Khrouchtchev et une proposition de désarmement du Royaume-Uni ont été débattues à la Première Commission de l'Assemblée générale. Voir le compte rendu du débat dans *Yearbook of the United Nations 1959* (New York: United Nations, 1960), pp. 6 à 13.
Khrushchev's initiative and a United Kingdom disarmament proposal were debated in the First Committee of the General Assembly. For an account of the debate, see *Yearbook of the United Nations 1959* (New York: United Nations, 1960), pp. 6-13.

In our working relationship with our partners on the Western side I believe that we should retain a certain amount of freedom of manoeuvre, especially in procedural matters, and that correspondingly we should not demand in effect a veto within the Western group, but should oppose any attempt by France and Italy to impose a rule of unanimity. I feel sure that if the Western powers are always limited in their exchanges with the Soviet Union to the highest common factor there will be unnecessary complications introduced. The negotiations promise at best to require years, and I think that we should make every effort to ensure reasonable freedom of action for the United States. I am assuming on the basis of recent experience that we and the United Kingdom will represent the "progressive" wing in the Western group and will be encouraging the United States to accept minor risks for major gains, while France and Italy (with the dead hand of Germany behind them) will be the forces of reaction seeking to whittle down all proposals and to demand unrealistic guarantees.

This kind of role implies that our substantive point of departure will be plans outlined by the United States. For some weeks now they have had a planning group hard at work. Its report is not expected to be completed before mid-January. In the interim, I hope that we will be able to get some useful preparatory work done in collaboration with the Department of National Defence and perhaps with Atomic Energy of Canada Limited. In a separate memorandum I have in mind reviewing some of the areas on which it might be appropriate for us to concentrate during this period.

N.A. R[OBERTSON]

14. DEA/50271-K-40

Extrait d'un télégramme de l'ambassadeur aux Etats-Unis au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Ambassador in United States to Secretary of State for External Affairs

TELEGRAM 3040 Washington, December 9, 1959

SECRET. CANADIAN EYES ONLY. PRIORITY.
Reference: Our Tel 2858 Nov 13† and your Tel V-454 Dec 4.†
Repeat London, NATO Paris, Paris, Permis New York, Geneva (Priority) (Information).

DISARMAMENT

We saw Spiers (Office of Special Assistant to the Secretary for Disarmament and Atomic Energy) for a rundown on recent developments in the disarmament field. . . .

2. Spiers believed that USA policy which would emerge for presentation either at the summit or at the meeting of the Ten Power Committee, whichever came first, would be more liberal than previous positions adopted by USA. Both the President and the Secretary were keenly interested and anxious that progress should be made.

3. Spiers said that his own ideas were that there should be three parallel approaches proposed:

(1) The first would urge immediate agreement on specific matters calculated to ease tension and establish confidence, e.g., exchange of observers at military bases including SAC bases up to any number which the Russians would match, reciprocal advance notification of troop movements, closing down Oak Ridge for a two year period and closing down the Soviet counterpart with appropriate inspection to ensure that substitute plants were not repeat not

operated. In the meantime, agreement not repeat not to launch outer space vehicles for military purposes and prior notification and international observation of the launching of all outer space vehicles.

(2) A plan along the lines of the 1957 disarmament proposal but with accent on missiles and with a greater flexibility so as to facilitate piecemeal progress under the plan, should that appear feasible.

(3) Acceptance of complete disarmament in principle with an indication of a willingness to negotiate towards this end but with a warning of the difficulties involved for effective control and a stipulation that progress towards this goal would involve parallel progress towards the establishment of international peace preserving agencies.

4. This outline was given to us in very general terms. It serves perhaps to indicate the lines along which some officials in the Disarmament Section of the State Department are now thinking.

5. Spiers said that he thought that such an approach would in principle appeal to us and to the British. He was afraid, however, that it would meet with opposition from the Italians and the French. For this reason he believed it was essential if any progress were to be made in the disarmament field that the "sides concept" which was adopted in the surprise attack talks should not repeat not be adopted for the forthcoming discussions. Each member of the Western Five should be free to put forward its own proposal at meetings of the Ten Power Committee; otherwise any one of the Five could veto a proposal agreeable to the others.

6. Until we know for certain that these views have been discussed with any other members of the Five they should be treated for Canadian Eyes Only.

15. DEA/50271-K-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Etats-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM V-474 Ottawa, December 10, 1959

SECRET. ROUTINE.

Reference: Your telegram 3040 of December 9.
Repeat London, NATO Paris, Paris, Permis New York, Geneva, CCOS W/C Mitchell (Information).

DISARMAMENT

We were very glad to have the interesting outline of official thinking contained in your reference telegram, of which we find the general trend encouraging.

2. We agree with Spiers' reservations about the sides concept as used in the surprise attack talks. Indeed, in recognition of the inadequacy of this technique, because of the rigidity and lowest common denominator stance which it imposed on the Western side at Geneva last year, we have recently been discussing how the Western Five might better organize their *modus operandi* on the Disarmament Committee. Our tentative thinking has been along lines not

dissimilar to Spiers': that the Five Powers should not blend into a monolithic side but should stand out more as individuals than they did last year, while necessarily continuing to consult and co-ordinate the Western approach very closely.

[N.A. ROBERTSON]

16. DEA/50271-K-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM MM-35 Paris, December 21, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Tel MM-34 Dec 21.†
Repeat Permis New York, Washington, Paris, London, Geneva, Rome, Bonn (Information).
Cairo (Gen Burns) deferred from Ottawa.
By Bag Oslo, Copenhagen, Athens, Ankara, Lisbon, Moscow from London.

DISARMAMENT — FIVE POWER FOREIGN MINISTERS MEETING

At this afternoon's meeting of the Foreign Ministers of the Disarmament Five a communiqué was agreed (our reference telegram) announcing the Western proposal to convene the Ten Power Disarmament Committee in Geneva on or about March 15 and to begin the Western preparations in Washington in January.

2. At the suggestion of Mr. Pella and Mr. Selwyn Lloyd, it was also agreed (not repeat not for publication) to have ambassadors of the Five in Washington meet on January 18 in preparation for the Five Power Disarmament Experts Group which is to convene in Washington January 25. Mr. Pella's idea was that the ambassadorial discussions of the first week would be political rather than technical and would discuss directives to be given by governments to their Experts Working Group. It is not repeat not yet clear who will actually attend the political meeting in the week of January 18, but it is understood that representatives of governments need not repeat not be ambassadors in Washington, i.e. General Burns or a Deputy Italian Foreign Minister, if named by their governments would be equally appropriate.

3. Mr. Herter accepted this timetable although he implied that in the week of January 18 the USA representative may be somewhat limited in his terms of reference because the Coolidge Report is not repeat not expected to be available until towards the end of the month.

4. At the suggestion of Mr. Selwyn Lloyd and Mr. Green, it was also agreed that the UN Secretary General should be officially notified of the Western proposals and the Swiss will be asked whether the proposed dates for the Geneva Conference are convenient. All this official correspondence with the Eastern Five, the Swiss and the UN, will be conducted by the French on behalf of the Western Five, since M. Couve de Murville presided at today's meeting. We were assured that official communications would be despatched by telegram today if possible.

5. After the Five Power communiqué had been agreed, Mr. Green proposed for the consideration of his colleagues a disarmament paragraph for the communiqué of the NATO ministerial meeting tomorrow. At the same time he explained in greater detail the nature of the

proposal he had put forward on December 15 in the NATO ministerial meeting. He was able to set certain doubts at rest, e.g., that we were not repeat not proposing a working group of the NATO Council and would therefore neither be duplicating the work to be undertaken in Washington, nor competing with the Five for the services of expert advisers on disarmament. We are repeating in a separate message the text of his further remarks (our telegram MM-36 December 21).†

6. Mr. Green's proposal in the NATO ministerial communiqué was quickly supported by Mr. Pella, and M. Couve de Murville indicated his agreement.

7. Nevertheless Mr. Lloyd wished to avoid any possibility of the Western Five being in the position of having to wait for protracted military studies to come from NATO. It was therefore agreed that in view of the limited time which the Western working group would have before the Ten Power talks begin, the ministers should announce in the NATO communiqué merely that they were instructing the Permanent Council and the NATO military authorities to consider what assistance they could give to the consideration of plans for controlled disarmament. This was Mr. Lloyd's amendment.

8. In summing up the discussion, M. Couve de Murville said that there was agreement among the five that the Permanent Council should follow up the Canadian proposal early in the new year.

9. It was agreed that Mr. Pella should report to the ministerial meeting on the Five Power meeting this afternoon, since Couve had already agreed to report on the Western Summit Meeting. Couve proposed that Mr. Green or Mr. Pella should make this report but Mr. Green replied that if M. Couve de Murville could not repeat not make it himself, Mr. Pella should.

10. At a subsequent meeting of the NATO communiqué drafting group on which we were represented, the operative part of the Five Power proposal for the NATO communiqué was redrafted as follows, subject to Italian concurrence (since they were not repeat not on the drafting group). "To this end the ministers instructed the Permanent Council, calling as it desires on the NATO military authorities, to consider what further assistance they could give to the consideration of plans for controlled disarmament." The purpose of this change was to give the Council greater freedom to decide to ask for the views of, e.g., SACEUR rather than the Standing Group. This issue remains to be settled in the Permanent Council if the ministers approve the communiqué as it now stands.

17. DEA/50271-K-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM MM-36 Paris, December 21, 1959

CONFIDENTIAL. OPIMMEDIATE.

Repeat Permis New York, Washington, Paris, London, Geneva, Rome (Information).

DISARMAMENT: FIVE POWER FOREIGN MINISTERS MEETING DECEMBER 21

At this afternoon's meeting of the Five the Minister explained the Canadian proposal in the following terms, in support of the language we were proposing for the NATO ministerial communiqué. Text Begins.

In the communiqué which the Five are about to issue[13] we speak of consultations between the Five and NATO. Certainly this is a subject in which all members of NATO consider that they have an interest and that NATO itself has a stake in it. I think there may however be a delay of several weeks before the Five have anything ready to report to the Council. How then should the Council discussion be organized? The Five themselves cannot repeat not take a lead in the early stages. Therefore I suggest that we give priority to studies which the international staff, SACEUR and perhaps SACLANT could develop for the Council on aspects of the disarmament problem within their special competence and experience. The international staff have already sent the Council some useful studies of the disarmament proposals of Mr. Khrushchev and Mr. Lloyd, analyzed from a political point of view. We have not repeat not yet drawn on NATO's military experience, however, with regard to measures which might give the NATO area greater security against surprise attack, for example. The Western European Union also have had some experience in verification and inspection techniques which might usefully be summarized for Council and for the Five, if the Western European Union members were agreeable.

Such studies would give the Council enough material on which to develop their preliminary discussions of this question. Any ideas generated in the process would, of course, be communicated to the Five-Power Working Group by their respective delegations.

These are some of the ideas which we would suggest that the Permanent Council might consider in greater detail. I thought it would be better not repeat not to go into specific suggestions today or in the ministerial meeting tomorrow but to leave that to the Permanent Council to work out, if our approach is generally satisfactory to other delegations.

In our opinion, judging from past experience, NATO's consultative role in Western disarmament preparations is more likely to be a useful and helpful one if the Council and the military authorities have a sense of participating in all stages of the preparation of the Western position. Text Ends.

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[13] Voir/See "Decisions of West's Big 4," *New York Times*, December 22, 1959, p. 8.

SUBDIVISION IV/SUB-SECTION IV

EFFETS DES RADIATIONS ATOMIQUES
EFFECTS OF ATOMIC RADIATION

18. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

DOCUMENT NO. 315-59 [Ottawa], October 16, 1959

CONFIDENTIAL

ATOMIC RADIATION

The Canadian Delegation to the 14th Session of the General Assembly of the United Nations has already taken the initiative of launching a draft resolution on the subject of atomic radiation. This resolution, which recognizes the universal concern that there be greater knowledge of the biological effects of radiation and of the extent of the possible hazard from man-made radiation, is designed to achieve this end through cooperation and consultation on the part of all states with such agencies as the World Meteorological Organization, the Food and Agriculture Organization, the United Nations Scientific Committee on the Effects of Atomic Radiation, and possibly the World Health Organization. It is envisaged that such cooperation would ensure the collation of world-wide data on fallout and radioactive content of soil and food products. The most important achievement would be larger scale analysis of samples with the purpose of studying the uptake of radioactive fission products in food chains throughout the world and determining the radioactive content of air, rainfall and food products throughout the world.

It is desirable as a concomitant to these efforts, which have scientific, humanitarian and political objectives, that Canada contribute its support in the best way it can. The experts believe that this can best be done in the field of analysis, where Canada could make a valuable contribution through an offer to analyse samples collected elsewhere in the world. For this purpose some expansion of Canadian research and laboratory facilities would be required, but in order to guard against undue expansion of these facilities Canada might make an offer of specific scope and conditional on the response of other countries. This offer might be made in the form of the attached draft Aide Mémoire to be circulated to other delegations at the United Nations.

The cost of carrying out such an offer can only be roughly estimated. The departments concerned have made the following calculations: If 150 collection stations in other countries were involved and if Canada were to handle 15% of the daily air and monthly rainwater samples from them, it would appear that capital costs should not exceed $50,000 for additional space and about $100,000 for equipment. The annual operating costs might approximate $60,000. These figures are based on the assumption that the volume of work could be handled by one professional person and four or five technicians. If food and soil samples were also to be analysed the numbers would be larger. For example, it has been estimated that an offer to analyse regularly food and soil as well as air and rainwater samples, taken in each case from

about 20 to 25 sources, would double the above figures for capital outlay and operating costs, resulting in a gross capital outlay of about $300,000 and annual costs of about $120,000.

Recommendations

(a) That the Canadian Delegation to the United Nations be authorized to make through other delegations a conditional offer to their governments to conduct analyses in Canada as set forth in the attached draft Aide Mémoire.

(b) That, depending on the response to the offer, expenditures in connection with the carrying out of the offer be authorized, not to exceed $100,000 for additional space, $200,000 for equipment and $120,000 for annual operating costs.

(c) That the analytical programme be under the direction of the Department of National Health and Welfare.[14]

H.C. GREEN

[PIÈCE JOINTE/ENCLOSURE]

Projet d'aide mémoire

Draft Aide-Mémoire

CONFIDENTIAL [Ottawa], October 15, 1959

The Canadian Delegation recognizes the soundness of the programme of work which the Scientific Committee on the Effects of Atomic Radiation has set itself for the future and endorses that programme. The Delegation, however, considers that the information on radioactive fallout which has been made available to the Committee to date could be substantially enlarged and improved. The Delegation is accordingly proposing that steps be taken to ensure that information on this matter should be as comprehensive as possible and states members of the United Nations and of the specialized agencies should cooperate more closely so that appropriate samples from all parts of the world may be collected and analyzed on a basis which would ensure the comparability of the results.

As an earnest of its interest in this matter the Canadian Government is prepared to receive from other states samples of air, water, soil and food collected according to methods recommended by the Scientific Committee in consultation with the competent specialized agencies and to analyse such samples in the Canadian Government laboratories which handle Canada's domestic sampling programme. Subject to indications from other governments of their readiness to participate in such a cooperative programme of collection and analysis and as an initial offer the Canadian Government is prepared to receive and analyse samples of air, water, soil and food from 20 to 25 sampling stations in each case in other countries on a regular basis. Such analysis could begin within the space of a few months required to expand existing Canadian laboratory facilities and analytical staff following the agreement of the United Nations on such a programme. The Canadian Government further is prepared to undertake that the analytical procedures will be such as to ensure the comparability of results with those produced by other governments cooperating in a programme of this nature.

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[14] Approuvé par le Cabinet le 17 octobre 1959, à condition que d'autres gouvernements se déclarent prêts à participer à un tel programme de coopération.
Approved by Cabinet on October 17, 1959 subject to indications from other governments of their readiness to participate in such a co-operative programme.

The Canadian Government considers that arrangements of the kind suggested will materially assist the Scientific Committee in its task and invites other governments to consider how they might participate in such a programme, either through the collection of samples according to agreed methods or through providing facilities for analysis.

19. DEA/6-1959/2

Extrait du rapport final de la quatorzième session de l'Assemblée générale

Excerpt from Final Report on the Fourteenth Session of the General Assembly

AGENDA ITEM 24

CONFIDENTIAL [Ottawa, n.d.]

PROGRESS REPORT OF THE UNITED NATIONS SCIENTIFIC COMMITTEE ON THE EFFECTS OF ATOMIC RADIATION

The Scientific Committee on the Effects of Atomic Radiation which was established at the tenth session of the General Assembly was requested to make yearly progress reports. It had prepared a comprehensive report in 1958 which was considered at the thirteenth session of the General Assembly. A subsequent progress report (A/4119 of June 15, 1959) was prepared in accordance with resolution 1347 (XIII) and an item was included in the provisional agenda of the fourteenth session to permit the discussion of that report. The Committee stated its intention to centre its discussion in the immediately forthcoming session on radioactive fallout and radiobiological questions, to continue to report progress annually to the General Assembly and to submit a further comprehensive report in 1962. It also submitted conclusions and recommendations under the following headings: maintenance and stimulation of the flow of information to the Committee; the pattern of scientific study by the Committee; the reporting practice of the Committee; the manner and areas in which research may usefully be stimulated, the pattern of meetings of the Committee; the organization of work and staff needs of the Committee; relations of the Committee with other bodies; and the immediate programme of work for 1959-60.

2. Other things being equal there would have been very little discussion of the Committee's progress report beyond that necessary to give support to and authorization for its recommendations and proposed programme of work. However, the Canadian Delegation, convinced that there were serious gaps in existing knowledge of the nature and extent of atomic radiation, took the initiative to secure adoption of a resolution which would not only give formal approval to the Committee's progress report and immediate programme of work but would also serve to stimulate the flow of information to the Committee relevant to its work and provide a basis for a more comprehensive sampling and analysis programme of broad geographical scope. Such a resolution (Resolution 1376 of November 21 attached as Annex I)† was drafted after protracted consultations with other delegations and agencies and was introduced by the Canadian Delegation together with Argentina, Austria, Czechoslovakia, Ghana, Ireland, Italy, Japan, Mexico, New Zealand, and Norway. It was adopted unanimously by the General Assembly.

Canadian Position

3. For some time before the opening of the fourteenth session of the General Assembly the Canadian authorities were giving consideration to the preparation of an initiative which would

be directed towards securing more widely representative and standardized data on radioactive fallout. Consideration was also given to the possibility of establishing a conventional obligation for United Nations members to measure and report fallout data to a central body. Discussions in Ottawa, New York, Geneva and Washington led to the conclusion that the idea of a conventional obligation had many political pitfalls, (particularly in relation to the attitudes of the Soviet bloc and some neutral states) and should not be pursued; but that there would nevertheless be value in taking some steps to stimulate the measurement and reporting of fallout data on a worldwide basis. Since the United Nations Scientific Committee on the Effects of Atomic Radiation was already charged with wide responsibilities in this connection its report to the General Assembly offered the most promising opportunity to launch such an initiative.

4. Accordingly at an early stage during the fourteenth session of the Assembly the Delegation began a series of consultations, first with the Secretariat of the United Nations Scientific Committee on the Effects of Atomic Radiation (referred to below as UNSCEAR), and subsequently with interested delegations and with other U.N. agencies concerned, with a view to drafting an appropriate resolution. Preliminary reference to this resolution was made by the Minister in his statement in the general debate on September 24[15] when he said "At this session the Canadian Delegation intends to submit a proposal which we sincerely hope will encourage the worldwide collection of more accurate data on radiation and will provide for its central collation." (Text of that part of Mr. Green's statement dealing with atomic radiation is attached as Annex II.)†

5. One of the considerations we had in mind was that a mere exhortation to other governments to provide data on fallout in accordance with the requests submitted by UNSCEAR would be unlikely to achieve any more widespread response than had earlier requests, and that in many cases member states would require assistance either in the collection of samples or in the radiochemical analysis of the samples if a significant increase in information were to be forthcoming. It was therefore considered desirable to include in the resolution an invitation to member states with facilities for radiochemical analysis to consider what assistance they could make available in this connection. In the light of this intention the Minister decided that Canada should make an offer of such facilities prior to consideration of the resolution by the General Assembly. Cabinet approval was subsequently obtained for circulation to members of the United Nations and the specialized agencies of an offer to make Canadian laboratory facilities available for analysis of samples of air, water, soil and food collected by other countries according to methods recommended by UNSCEAR.[16] The text of the Canadian offer subsequently circulated in document A/AC82/Inf.6 is attached as Annex III.†

Preparatory Negotiations

6. As a preliminary basis for discussion with other delegations and with the Secretariat a draft resolution was developed by the Delegation in New York in consultation with officials in Ottawa. This draft, dated October 5, which is attached as Annex IV,† was discussed with the

[15] Voir Canada, ministère des Affaires extérieures, *Déclarations et discours 1959-60*, N° 59/30.
See Canada, Department of External Affairs, *Statements and Speeches 1959-60*, No. 59/30.

[16] Voir le document précédent./See the preceding document.

Secretariat of UNSCEAR and with several delegations which we thought might be interested in co-sponsoring.

7. Following these consultations a considerably revised text was produced. This text, dated October 12, is attached as Annex V.† The principal changes between the October 5 draft and the October 12 draft were as follows: an operative paragraph was added specifically approving the plans and suggested activities contained in the Scientific Committee's report, in order to avoid any impression that the only thing being approved was the pattern of scientific study and also to make it clear that the measures included in the operative sections that followed were intended to reinforce the work being done in some of the principal fields covered by the Scientific Committee's report. Another reason for the inclusion of this operative paragraph was to provide authority for carrying out any of the activities suggested in the UNSCEAR report which had financial implications; otherwise specific approval of each of these proposals might have been required. Another important difference between the two drafts was that in each of the operative sections the invitation to "recommend arrangements" was addressed to the Scientific Committee, in consultation with the specialized agency concerned, whereas in the earlier draft the invitation had been addressed to the specialized agency concerned, in consultation with the Scientific Committee.

8. In addition a further section was added designed to ensure that the important work being done in the biological and radiobiological fields, in which the WHO had an interest, was not ignored. A preambular paragraph was also added noting with satisfaction the increasingly close co-operation between the Scientific Committee and the IAEA. This was included partly because it was desirable in itself and partly as a holding operation against suggestions from other delegations that the IAEA be assigned a specific role in the implementation of the measures envisaged in the various operative sections.

9. This revised draft was discussed at a meeting of prospective co-sponsors which was attended by representatives of Argentina, Australia, Ghana, India, Indonesia, Italy, Japan, Mexico, Norway, Poland, Sweden, U.A.R. and Yugoslavia. The group consulted was intended to be broadly representative of all areas of opinion in the United Nations. Copies of the draft were also given to the U.K., the U.S.A., the U.S.S.R. and France but for information only, since the Delegation considered that, although it would not be desirable to have the Great Powers included in the list of co-sponsors, the resolution would have to be acceptable to them if it was to gain the broad general support necessary to achieve its purpose.

10. Following that meeting the Representative of Poland informed us that he understood that Czechoslovakia was considering putting forward a resolution on atomic radiation which he thought would not be incompatible with our draft. Earlier we had heard rumours that the Czechs had something in mind but had been unable to track anything down. Mr. Nesbitt took an early opportunity to speak to Nosek of the Czech Delegation, who confirmed that they were thinking of putting forward a resolution on radiation but said that as far as he knew they did not yet have a text. However, later in the day he informed us that the Czechs did in fact have a draft and that it had already been put in the hands of the Secretariat for publication. Their resolution was therefore circulated in document A/L.263 (copy attached as Annex VI)† before we were able to initiate discussions with them.

11. We nevertheless persisted in our effort to explore thoroughly the possibility of reaching agreement with the Soviet bloc on a single compromise resolution since we anticipated (rightly as it turned out) that the extent of support for our initiative among the middle and smaller

powers would depend largely on whether they were satisfied that we had done our best to be reasonable on this score. In our preliminary discussions with the Czech Delegation we indicated surprise and regret that they had tabled their resolution without prior consultation with us. It soon became clear that the primary Czech aim at that stage was to obtain acceptance of the Czech draft as the basis for discussion, and therefore for the eventual compromise. This we refused to agree to, saying that the situation was not of our making since we had consulted a representative group of delegations, including members of the Soviet bloc, with a view to developing a generally acceptable resolution. We received widespread sympathy and support for our position, so much so that the Czechs found it politic to agree to negotiate on the basis of our draft rather than to risk the unpopularity to which their too-clever tactics had exposed them.

12. Then began a long period of negotiations, first with the Czech Delegation and later directly with the U.S.S.R. Delegation, in an attempt to devise a compromise text which would enable the Czechs to withdraw their own resolution and co-sponsor ours. In the course of these negotiations the Soviet bloc put forward arguments (none very convincing) against operative sections (A), (B) and (C) of the Canadian draft. We had the distinct impression that, while the Soviets were anxious to pay lip service to the idea that fallout was a problem of great and pressing concern, they were not willing to see anything specific done to obtain the kind of information required to determine scientifically the extent of the hazards and its effects; nor were they prepared to see either UNSCEAR or the Secretariat play an active role in coordinating or even stimulating efforts in this field. Indeed on one occasion a member of the Soviet Delegation expressed the view that UNSCEAR had been set up primarily to establish that nuclear fallout had dangerous effects and that, since it had already done this, its main task was already completed.

13. During each stage of the protracted negotiations, as changes were made in an attempt to reach a compromise with the Soviet side, the Canadian Delegation had to check back with its original group of potential co-sponsors in order to ensure that the proposed changes were acceptable to them. We also continued our consultations with other delegations in addition to the prospective co-sponsors, including the U.K., U.S.A. and Netherlands, and with the IAEA, WHO, FAO and WMO. A further revision of our draft, dated October 19, which attempted to take account of the comments and suggestions received from these quarters, is attached as Annex VII.†

14. Subsequently the U.S.A. in particular made a number of suggestions for further revision which we attempted to accommodate without sacrificing any of the substance of our proposals. Both the U.S.A. and the U.K. were in fact lukewarm about our initiative and would have preferred a resolution that did not go beyond mere approval of the UNSCEAR report. They were, however, prepared to go along reluctantly with our resolution provided we left UNSCEAR itself with full discretion as to how it should undertake its study of the measures we were recommending.

15. Meanwhile we had received firm promises of co-sponsorship from Austria, Ghana, Japan and Norway, with sympathetic indications from other delegations including Ireland, New Zealand, Brazil, Italy and Mexico. India, the U.A.R. and Yugoslavia were also sympathetic to our resolution and promised to support it, but deferred any decision on co-sponsorship pending the outcome of our negotiations with the Soviet bloc.

16. By this time (October 24) we had decided that our negotiations with the Czechs had gone as far as they could and that it was time to approach the U.S.S.R. direct. Mr. Nesbitt had

spoken to Mr. Kuznetsov and it had been agreed that we should negotiate jointly with the Czechs and the U.S.S.R. on the basis of our draft resolution with a view to examining the possibility of reaching an agreed text. A detailed examination of our October 19 text (Annex VII)† subsequently revealed agreement on most of the preambular paragraphs but disagreement on operative paragraphs 3 to 10 inclusive. One of the arguments which the Czechs had put to us earlier was that our text departed too far from the agreed terms of reference of the Scientific Committee and from the programme of work which it had set for itself in accordance with its terms of reference. Consequently the Delegation prepared a revision of the operative sections which attempted to cover the essential substance of the operative paragraphs of our earlier drafts with briefer wording more closely tied to the Scientific Committee's reports and documents. Our discussions with Czechoslovakia and the U.S.S.R. on the basis of this revised text were unsuccessful. They continued to reject our principal operative paragraphs dealing with the questions of sample collection and sample analysis but did not reveal their real objections or suggest alternative language, evidently being prepared to see the negotiations break down at that point.

17. We received the impression that the U.S.S.R. had felt their own position strengthened by reservations about our resolution that they had heard from the IAEA and the United Nations Secretariat. Accordingly we set about clearing up these reservations and at the same time intensified our efforts to obtain co-sponsors. To meet Secretariat reservations we made some drafting changes designed to make it clear beyond any doubt that the Assembly was not telling the Scientific Committee what to do and that the Committee would be left full discretion to accomplish the purposes of the resolution in the way it considered most appropriate. We also made revisions, at the suggestion of the Austrian Delegation, to satisfy points made concerning the role to be played by the IAEA in the programme of sample analysis. The local representatives of the WHO and the FAO were also consulted to ensure that they were satisfied with those parts of the resolution involving those agencies.

18. Discussion with Kuznetsov (U.S.S.R.) and Nosek (Czechoslovakia) on the basis of this revised text also failed to produce agreement and it was decided to table the resolution as it stood with as many co-sponsors as we were then able to obtain. Accordingly the revised text was introduced on November 2 in the names of the Delegations of Argentina, Austria, Canada, Ghana, Ireland, Italy, Japan, Mexico, New Zealand, Norway, (India, the U.A.R. and Yugoslavia, which were also asked to co-sponsor, declined to do so at that stage because the text was not acceptable to the Soviet bloc). This draft, which was circulated in document A/L.266, is attached as Annex VIII.†

19. Formal submission of this draft resolution evidently strengthened our bargaining position with the Soviet bloc. In this we were assisted considerably by the attitude taken by the U.K. and the U.S.A. at this stage. Although they were unenthusiastic about our resolution and although it was by this time abundantly clear to the U.S.S.R. that we were not acting on behalf of the Western nuclear powers, the U.S.A. and the U.K. apparently let it be understood that they would support our new draft as tabled, in preference to the Czech draft which had been circulated earlier.

20. After the Soviet bloc had had an opportunity to sound out other delegations and had found that support for our resolution was widespread and solid Kuznetsov approached Mr. Nesbitt and suggested resumption of negotiations, with a view to producing a joint text. Those negotiations, which were difficult and lasted several days, finally ended late on November 13

in agreement on a compromise text which it was agreed that Czechoslovakia would co-sponsor and the U.S.S.R. would support. We put to the Soviet side the suggestion that other interested delegations with which we had kept in close touch but which had so far not co-sponsored (e.g. India, U.A.R. and Yugoslavia) might be invited to do so, but the Soviet side was unwilling to open the hard-won resolution to additional co-sponsors.

21. The new text, which was tabled on November 14, preserved the main purpose and the essential elements of our previous draft but was considerably less precise and less direct in its presentation in order to make it more acceptable to the Soviet bloc. In particular all references to the provision of technical assistance were dropped; reference to sample collection was made indirect (by reference to the type of information contained in the Scientific Committee's previous reports); and the role of the Scientific Committee on correlating offers of analytical facilities with offers of samples was left very vague, the only provision remaining for this being the phrase "and to keep the Committee currently informed."

22. A last-minute hitch occurred after agreement was reached with the Soviet bloc but before the agreed resolution could be tabled. The U.K. Delegation entered serious reservations concerning the timing of the report and the programme of work of UNSCEAR during 1960, and asked for deletion of the words "at the fifteenth session" in the last paragraph of our resolution. It was only when we were able to secure a reasonably firm undertaking from the U.K. not to submit such an amendment in plenary that the U.S.S.R. agreed to let the resolution be tabled as planned. The Russians seemed to fear, with some justification, that the introduction of an amendment of this sort might precipitate other amendments which could upset the delicate balance of views reflected in the compromise text.

Consideration in Plenary

23. On the recommendation of the General Committee this item of the agenda was assigned for consideration in plenary without prior reference to a committee. Following agreement between the Canadian Delegation and the U.S.S.R. and Czechoslovak Delegations, as described above, on a compromise text, the item was taken up on November 17. Mr. Green introduced the draft resolution on behalf of the co-sponsors. The text of Mr. Green's statement is attached as Annex IX.[17] Statements were then made by the Representatives of Czechoslovakia, Japan, New Zealand, the Netherlands, U.S.A., U.S.S.R., Italy, South Africa, U.K., France, Australia, Austria, Costa Rica and Norway.

24. All speakers paid tribute to the work of the Scientific Committee and expressed approval of its programme. All indicated that they would vote for the resolution although some indicated reservations. The main reservation concerned the effect of the provisions of the resolution on the terms of reference of the Scientific Committee. The Czechoslovak Representative made it clear that in his view it was not the intention of the co-sponsors to expand the functions of the Committee or to burden it with tasks of an organizational or operational nature. This point was discussed directly or indirectly by several representatives. The U.S.S.R. Representative echoed the views expressed by Czechoslovakia. The Representative of the Netherlands emphasized the importance of co-ordination in this field and warned that his government would not favour developments leading to a future role for the Scientific Committee as an operating agency

[17] Voir Canada, ministère des Affaires extérieures, *Déclarations et discours 1959-60*, N° 59/42.
See Canada, Department of External Affairs, *Statements and Speeches 1959-60*, No. 59/42.

within the Secretariat. Others however supported our view that the resolution did not go beyond the existing terms of reference of the Committee but was designed, as the New Zealand Delegation put it, to "help the Committee to carry out the specific task which this Assembly had laid on it."

25. As expected, the U.K. Representative qualified his support for the resolution with an understanding that the additional work to be given to UNSCEAR would not take priority over its existing programme and would not require an additional meeting during 1960. He also suggested that, if the report called for in the resolution could not be completed in time for presentation at the fifteenth session without detriment to the other activities of the Committee, then only an interim report would be required to cover the arrangements made for stimulating studies and the supply of information. He suggested that the actual results of those studies could be covered in the comprehensive report planned for 1962.

26. Many speakers emphasized the importance of utilizing the resources and knowledge of the IAEA to the fullest extent and also welcomed the emphasis in the Committee's report and in the resolution on co-operation between UNSCEAR, the IAEA and the Specialized Agencies. In this connection the references to UNESCO contained in Sections II and III of the resolution as adopted were added at the last minute at the request of the Costa Rican Representative, who made this suggestion in his statement in plenary, evidently at the urging of the UNESCO Representative, without having consulted any of the co-sponsors in advance.

27. Both Japan and Norway announced their willingness to analyse samples submitted by other countries, as Canada had done. (The Canadian offer which Mr. Green formally announced in his statement introducing the resolution had previously been circulated informally to friendly delegations. It was subsequently circulated to all members of the United Nations and the Specialized Agencies as document A/AC82/Inf.6 of December 9, 1959. Subsequently similar offers were made by Argentina, Italy, U.S.S.R., the IAEA and the U.K. in addition to the offers of Japan and Norway and the long-standing offer of the U.S.A. made in June 1956).

28. The Representative of Italy served notice that his country wished the Assembly to consider at its next session the possibility of an expansion in the membership of the Scientific Committee, possibly by the election of three members to be replaced annually. He also drew attention to the importance of the problem of disposal of radioactive waste, as did the Representative of the Union of South Africa.

29. In summary, the limited number of statements made during the discussion suggested that there was general agreement on the importance of: (a) the work of the U.N. Scientific Committee on the Effects of Atomic Radiation and of providing it with maximum support; (b) co-ordinating the work of UNSCEAR with all other interested international bodies, particularly the IAEA; and (c) avoiding any extension of the Scientific Committee's functions or powers.

30. The draft resolution, which is attached as Annex I,† was adopted unanimously by 78 votes in favour, none against, with no abstentions.[18]

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[18] Voir le texte de la résolution 1376 (XIV) dans *Yearbook of the United Nations 1959* (New York: United Nations, 1960), pp. 32 à 33.

For the text of resolution 1376 (XIV), see *Yearbook of the United Nations 1959* (New York: United Nations, 1960), *1959*, pp. 32-33.

SUBDIVISION V/SUB-SECTION V

ESSAIS NUCLÉAIRES FRANÇAIS DANS LE SAHARA
FRENCH NUCLEAR TESTS IN THE SAHARA

20. DEA/50271-L-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], November 2, 1959

FRENCH NUCLEAR TESTS:
MOROCCAN ITEM AT THE GENERAL ASSEMBLY

The French Ambassador called on me this afternoon and presented the attached memorandum† containing his Government's views on the discussion at the General Assembly of the French atomic bomb test in the Sahara. He supplemented his memorandum with an oral argument along the same lines. There is, I think, nothing new in this presentation, which is in accordance with the views already expressed by the French Government. Mr. Lacoste said that he wished, however, to put these views before us on the eve of the debate in New York.

2. The French argument repeats the view that it would be discriminatory against France to ask her to abstain from making a test before the other nuclear powers have reached an agreement on cessation with control as part of a general disarmament programme. It also argues that the French bomb, which would be atomic rather than hydrogen, would be far less dangerous than those exploded by other countries and that the testing place in the Sahara is far more isolated than those used by the other atomic powers. Mr. Lacoste was anxious to know whether or not we would support France in the debate and how we would vote. I told him that it was difficult to say how we would vote as we did not know what form the resolution would take. Furthermore, I would not wish to make any firm statement on our intentions pending your return. However, basing myself on the general instructions on this item to the Delegation which you approved, I said that I was sure that we would not vote in favour of a harsh resolution directed against France. The Canadian Government's view was that it did want a cessation of nuclear tests but under an adequate system of control. I did not think that we would be seriously concerned over the possible radiation effects of the French bomb. If we had any reservations on the subject, it would be rather in connection with our anxiety to limit the spread of nuclear weapons. When Mr. Lacoste pressed to find out whether we would abstain or vote against a resolution on the subject, I repeated that it was difficult to foresee the nature of the resolution. I was sure that you would not want to join in a hostile stand against the French. It was possible, however, that a resolution might emerge in the Assembly which was not directed against France but merely expressed general uneasiness over the spread of nuclear weapons. It might be difficult for the Canadian Delegation to vote against such a resolution.

3. In conclusion, Mr. Lacoste said that a number of NATO countries including Belgium, the Netherlands, Portugal and Turkey had promised to vote against any resolution on the subject. He thought it would be unfortunate if all NATO countries did not take a unified stand on this subject in support of a NATO member. He did hope that in our voting we would bear in mind our responsibility to an ally. I said that the interest of our NATO allies was always a primary

interest in determining our votes in the United Nations. However, there was a difference, I thought, between supporting an agreed NATO policy and supporting the policy of a member state which was not the result of a NATO decision. In response to his specific request I said that we would ask the Delegation in New York to keep in close touch with the French Delegation although I assured him that this was something they would do as a matter of course.

J.W. H[OLMES]

21. DEA/50271-4-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 6, 1959

The French Ambassador called this morning to enquire what position the Canadian Delegation would take on the resolutions before the Assembly regarding the French atomic bomb test in the Sahara. I told him that the Government was anxious to see the earliest possible end to atomic test explosions and that it took a serious view of the whole question of radiation effects. For these reasons, I thought the Delegation would be instructed to vote for the most moderately worded of the resolutions on this subject now before the Assembly.

Mr. Lacoste read to me a telegram he had sent to his Government reporting a conversation he had with you on this subject on October 19, in which you had expressed your opposition to the continuation of atomic weapons tests. He said he would remind his Government of this part of your conversation in explaining the attitude the Canadian Delegation would find it necessary to take on the resolutions before the Assembly.

N.A. R[OBERTSON]

22. DEA/50271-4-40

Le sous-secrétaire d'État suppléant aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures

Deputy Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

[Ottawa], November 12, 1959

Mr. Robertson:

Mr. Holmes asked me to tell you that Mr. Lacoste had advised him that he had received "stringent" instruction to make strong representations to the P.M. regarding the vote on the Sahara test. Because of the urgency he got in touch with Basil Robinson for an appointment which is to take place shortly.

Mr. Lacoste wanted you to know of his action and his regret in approaching the P.M. directly.

R.M. M[ACDONNELL]

23. H.B.R./MG31/E-83 2-14

Projet de note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Draft Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 16, 1959

FRENCH NUCLEAR TESTS IN THE SAHARA

On Thursday, November 12, the French Ambassador telephoned at 11:30 a.m. to request an immediate interview with the Prime Minister on this subject. The Prime Minister agreed to come out of Cabinet to see the Ambassador as soon as he arrived.

Before Mr. Lacoste saw the Prime Minister and following consultation with Mr. Holmes and Mr. A.G. Campbell, I reported to the Prime Minister the stage which had been reached in the First Committee's discussion of the item on French bomb tests. I showed him the text of the Afro-Asian draft resolution as given in telegram No. 1622 of November 5† from the Delegation, and added that a Latin-American amendment making the draft resolution milder and an Afro-Asian sub-amendment seeking to restore the stiffness, had been tabled but that the texts of these were not yet available to us. I also gave the Prime Minister a copy of the U.K.-Italian draft resolution, explaining that this had been tabled later than the Afro-Asian Draft and would therefore probably be voted on in the same order.

I also reported to the Prime Minister on the basis of a telephone conversation with Mr. Ross Campbell in New York, that the Minister had given instructions that the Delegation's voting on these various drafts should be as follows:

(a) The Delegation should vote in favour of the Afro-Asian sub-amendment, abstaining only on one of the preambular clauses which read as follows: "Bearing in mind that in creating conditions of danger in Africa, France cannot assume the responsibility for the protection of the threatened sovereign states;"

(b) If the sub-amendment were defeated, the Delegation should vote in favour of the Latin-American amendment;

(c) If the Latin-American amendment were defeated the Delegation should vote in favour of the original Afro-Asian draft resolution as a whole, abstaining on the preambular clause noted in (a) above.

I informed the Prime Minister, again on the basis of what I had been told by Ross Campbell, that the Minister took the view that these intended votes were consistent with the position taken by the Delegation with regard to the question of radiation, and further with the position taken by the Minister in discussions with the French authorities in Paris. With regard to the U.K.-Italian draft resolution, I said that I understood the Minister was prepared to support it if it came to a vote.

I should add at this point that at this time I was not aware and therefore did not mention to the Prime Minister (a) that Mr. Lacoste had spoken to the Minister on this subject before the Minister left for Paris, (b) that the subject had arisen in the Minister's conversation with President de Gaulle or (c) that Lacoste had spoken to you on November 11. I did, however, say that the French had been disturbed about what they understood were Canadian intentions and that other means of influencing our vote having failed, they were now hoping by a last minute appeal to the Prime Minister to alter the Canadian vote.

Before seeing Lacoste the Prime Minister telephoned the Minister in New York and discussed briefly with him the instructions which Mr. Green had given. Following that conversation the Prime Minister saw Lacoste and informed him that it was too late to make any change in the Canadian position. Mr. Green had informed the French authorities in Paris that Canada would vote in favour of a resolution such as that now before the Political Committee and, in the circumstances, nothing could be done at this late stage. The Ambassador questioned whether it was in fact too late to make a change. Could Canada not vote in favour of the U.K. Resolution, perhaps abstaining on the Afro-Asian draft. The Prime Minister then said that he did not feel that he could intervene further "at the eleventh hour." He had not been aware that the French had felt so strongly on the matter. If similar representations had been made at an earlier stage, he implied, reconsideration, though not necessarily a change of position, might have been possible. The Ambassador interjected that he himself had made repeated representations, both to the Minister and to you, during the past three weeks. The Prime Minister maintained that he was not aware of these representations and said that he understood from Mr. Green that it was not until yesterday that the French Delegation in New York had taken the matter up, and then with Mr. Ritchie, not direct with Mr. Green himself. Mr. Lacoste again said that he wished to put it on record that both in Ottawa and in New York there had been repeated approaches to the Canadian authorities. He also said that he was not aware that Mr. Green had raised the matter in Paris and received no adverse reaction. The Prime Minister closed this part of the conversation by remarking on the strength of public opinion in Canada on the question of nuclear weapons. He said that this had been illustrated in the past day or two by public reaction to ministerial references to the storage of nuclear weapons for American forces in Canada.

Before leaving, Mr. Lacoste alluded to the importance of NATO solidarity in this matter, but he dropped this argument in the face of a sharp reaction from the Prime Minister. Lacoste then said that he could only add that a Canadian vote in favour of the Afro-Asian draft resolution would be deeply upsetting to the French, more particularly since Canada was associating itself with a collection of African and Asian countries whose motives in sponsoring the Resolution were purely political in the sense that they were anti-French and anti-Western. Canada had a great influence in the Assembly and quite a large number of Delegations would follow the Canadian lead.

When the Prime Minister again signified that no change would be possible, Lacoste said that he realized that his representations had failed. He hoped, however, that the Canadian Delegation would, in their explanation of vote, advance reasons of principle for the position taken and dissociate themselves from the aggressive anti-French theme of the draft resolution. The Prime Minister immediately agreed to this and asked me to speak accordingly to the Delegation. I later conveyed this message to Ross Campbell.

I should also record that in the afternoon of November 12, the Prime Minister called me to his office to summarize the morning's developments for Messrs. Fulton, Pearkes, Churchill and O'Hurley, who were meeting on another matter. After a short discussion, the Prime Minister asked Mr. Fulton to speak on the telephone with Mr. Green. This, however, proved impossible as Mr. Green was not available. Later in the evening I reported to the Prime Minister that Mr. Fulton had not spoken to Mr. Green and that the Afro-Asian draft had been adopted with Canada voting in favour.[19]

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[19] Voir le résumé du débat et le texte de la résolution 1379 (XIV) dans *Yearbook of the United Nations 1959* (New York: United Nations, 1960), pp. 13 à 17.

For a summary of the debate and text of Resolution 1379 (XIV), see *Yearbook of the United Nations 1959* (New York: United Nations, 1960), pp. 13-17.

On November 13 the French Ambassador called and asked me to convey to the Prime Minister the "intense indignation" of the French Delegation in New York at the position taken by the Canadian Delegation. The effect, he thought, had been "disastrous" and he knew that it would be the same in Paris. He also said, but asked me not to say to the Prime Minister, that the French Delegation had resented the explanation of vote given by the Canadian Delegation, on the ground that "the Canadians say that they love us but they vote against us." I conveyed Mr. Lacoste's message to the Prime Minister and said that Lacoste thought there was a possibility that he would be asked to make further representations over the weekend with a view to the voting in plenary. The Prime Minister said that he would be quite willing to see Mr. Lacoste on his return from Halifax on Sunday.

H.B. R[OBINSON]

24. DEA/50271-4-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 1244 Paris, November 26, 1959

SECRET. OPIMMEDIATE (PERSONAL FOR ROBERTSON[20])
Reference: My Tel 1240 Nov 26† and your Tel V-441 Nov 20.†
Repeat NATO Paris (For Léger only) (Information).

SAHARA TESTS

In paragraph 3 of my reference telegram I mentioned that Lucet raised the matter of our vote on the Sahara test. Although he made it clear that the French Government had no repeat no intention of making a démarche to the Canadian Government on the matter, he clearly showed his concern as to whether it reflected a change of policy in other fields.

2. After asking whether the French could still expect our support (on Algeria), he went on as follows. Speaking personally, although he understood the logic of our vote on the Sahara tests, Lucet wondered why we had found it so necessary, after all these years of large explosions caused by the British, Americans and Russians, to choose this occasion to vote with the Afro-Asians, censoring a "little French explosion." We explained our position in accordance with exchanges of telegrams between New York and External. Lucet went on to say however that when he looked at it from an objective point of view he could understand our vote; the fact remained that it was open to political interpretation unrelated to the question at issue. While he had really nothing to go on he was personally concerned whether the vote might not repeat not affect the question of the visit of General de Gaulle to Canada.

3. We asked whether Lucet meant that General de Gaulle might in the circumstances be considering whether he should come to Canada when he visited Washington. Lucet confirmed that this was what he did mean, but went on very carefully to point out that he has thought it

[20] Notes marginales :/Marginal notes:
Mr. Robertson: Do you wish to have this telegram distributed? R.M. M[acdonnell].
File [N.A. Robertson?]

would be a great pity, because of a vote which the Canadian Government had taken on the merits of the case, if that vote were taken up in quite different sense. Our vote had not repeat not been a vote against France but a vote on the question of the continuance of tests by France or anyone else.

4. The conversation then continued on the Algerian item, but toward the end of the interview, Lucet asked whether I knew when it was that Mr. Green, during his visit to Paris, made our position clear to members of the French Government in relation to nuclear tests. Lucet said he had not repeat not been able to find any record on the French side. We confessed that we had been unable to find a record in the Embassy and presumed that discussions had taken place when no repeat no member of the Embassy was present, reminding Lucet that there were several opportunities for this. Lucet agreed, saying that, of course, he had not repeat not been present either on all occasions. While Lucet did not repeat not question that our position had been made clear during the Minister's visit to Paris, I am puzzled by the reference to discussions by the Minister with the French Government on this topic, and especially in the light of Lucet's remarks, I should be glad to have clarification.

5. Quite apart from Lucet's remarks, Laloy in the course of a conversation over lunch the day before said that, while he thought our principles in relation to tests could have been preserved by an abstention, he was less worried about the vote itself than about its possible effect on members of the Government and, more particularly, on General de Gaulle. He said that General de Gaulle's advisers, including the Chiefs of Staff, Couve de Murville and Joxe, have been continuously trying to persuade the General of actions vis-à-vis NATO with which you are very well acquainted. Despite these actions members of the government and officials have been moderately optimistic that the General's "méfiance" toward NATO might be assumed and that problems relating to integration of forces, the fleet, etc. would soon be overcome. Although he did not repeat not wish to over-estimate the effect of our vote on the Sahara tests it was in Laloy's opinion just another item which General de Gaulle would put in the balance against the acceptance of the full implications of the NATO alliance.

6. While I do not repeat not wish to over-estimate the worries expressed by Lucet and Laloy, I believe it well to assume, however much they stressed the personal nature of their worries, that the effect of our vote may be felt in unrelated fields. I hope it will not repeat not affect the prospects for de Gaulle's visit to Canada, but knowing the man, I would not repeat not rule it out.

7. It is difficult to advise you how best to deflect the impact of our vote, and for the moment I can think of nothing better than instructing me on the Algerian item, in accordance with the suggestion in paragraph 5 of my 1242,† as well as following in New York the tenor of the instructions contained in your S-501,† to the delegation.

8. You will I am sure understand that I and my staff are doing all we can to defend our voting position on Sahara tests, but at the same time I am sure you will agree that we must smother the impact on Franco-Canadian relations in other fields where we have much at stake.

[P.] DUPUY

25. DEA/50271-4-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 1246 Paris, November 26, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Tel 1244 Nov 26.
Repeat NATO Paris (Information).

SAHARA TESTS AND FRANCO-CANADIAN RELATIONS

Subsequent to information on reference telegram, we were handed by Jean Gachon of AFP the following despatch which was sent at 1856 yesterday, to Canada: "Mauriac Special Canada seulement Paris 25 novembre. Les informations selon lesquelles le général de Gaulle aurait décidé de ne pas se rendre au Canada à l'occasion de sa prochaine visite aux États-Unis n'ont suscité aucun commentaires à Paris. On se refuse catégoriquement dans les milieux autorisés à "réagir" de quelque façon que ce soit à ces informations qui précisaient que l'attitude du chef de l'État aurait été décidée par la position du Canada lors des débats de l'ONU sur le projet français de faire exploser une bombe atomique au Sahara.

Dans ces milieux, on se borne à rappeler:

1. Que la date de la visite aux États-Unis au général de Gaulle n'est pas encore fixée. L'invitation certes est imminente mais le président de la République ne connait pas encore les dates que lui proposera le président Eisenhower.

2. Qu'à fortiori, la visite au Canada qui dépendra de celle aux États-Unis, ne l'est pas. Le principe d'un voyage au Canada, seul, est retenu. Mais aucune invitation officielle n'est encore parvenue à Paris.

Ceci étant dit, il semble que le vote canadien de la résolution priant la France de ne pas faire exploser une bombe atomique au Sahara, a été mal accueilli à Paris. Il apparaît probable aux yeux de certains observateurs diplomatiques que si le Canada, dans des [...]

2. This evening *France-soir* has carried following item. "Des dépêches d'agence ont indiqué hier que le général de Gaulle aurait renoncé à se rendre au Canada après sa visite aux États-Unis l'année prochaine. Le motif en aurait été le vote du Canada contre la France lors du débat à l'ONU dans les expériences nucléaires au Sahara. En réalité aucun programme n'est encore établi pour le voyage du président de la République en Amérique du Nord. La date de sa visite à Washington n'est pas encore fixée. D'autre part, aucune invitation officielle du Canada n'a encore été adressée au général de Gaulle.

Le premier canadien M. Diefenbaker a seulement invité officieusement le chef de l'État. Il est cependant raisonnable de penser que si le Canada devait, après son vote sur la bombe à récidiver à propos, par exemple, de l'Algérie, le général de Gaulle n'hésiterait pas à abandonner la tradition qui veut que tout visiteur officiel français à Washington se rende également à Ottawa."

3. We are informed by Gachon that the story was first launched in Paris by UP and are endeavouring to tract down their source and inspiration. We shall also try to see Lucet again tomorrow.

4. In meantime, we would observe that it is not repeat not unusual for General de Gaulle to take a very protocolaire attitude. Our Prime Minister's original invitation to him to visit Canada had been extended when de Gaulle was Prime Minister and not repeat not when he was President. It is conceivable therefore that the description of the invitation which was renewed by Mr. Green in Paris to President de Gaulle as "officieuse" (unofficial) is how the Élysée would in fact currently regard it rather than there being the implication of any slight or an attempt to find excuses not repeat not to come to Ottawa next year because of our vote on Sahara testing.

5. Since above was drafted, Gachon has informed the Embassy that according to the latest information he has received from the Quai, General de Gaulle will not repeat not let the Sahara vote influence his decision on the visit to Canada.

[P.] DUPUY

26. DEA/50271-4-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 1254 Paris, November 27, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: My Tel 1246 Nov 26.
Repeat Candel New York, NATO Paris (Opimmediate) (Information).

SAHARA TESTS AND FRANCO-CANADIAN RELATIONS

We saw Lucet this afternoon. On assumption that reference in *France-Soir* (paragraph 2 my reference telegram) might have been in some way inspired, I decided that Lucet should be told that on the same day when Crean was talking to him, i.e. Wednesday November 25, government's instructions has been sent to our delegation which would insure general support for France on Algerian item. I thought this desirable in order to avoid the possibility of French deducing that our instructions to support them had only been forthcoming as a result of the press suggestion that General de Gaulle might not repeat not go to Canada.

2. In opening the conversation with Lucet, we said that we had gained the impression from our conversation on Wednesday that French Government was still concerned about what our attitude was going to be on Algeria even though we had given him our assurances in the course of that conversation. Lucet interposed to say that of course he had not repeat not doubted that we intended to support France in light of Mr. Green's assurance to M. Couve de Murville. We said that however that might be, we thought Lucet would wish to know that our government's instructions had been sent to our delegation in New York the day of our conversation with him. These instructions had confirmed what we had told Lucet, namely that we intended to give the French our general support on Algerian item and that our tactics would depend in considerable measure on our liaison with French delegation in New York. Lucet thanked us for this information, stressing again that he had had no repeat no real doubt about our intentions. We gained the impression that Lucet was happy to know that French instructions had been issued.

3. Lucet said he would be in touch with our delegation soon after his arrival and that he would contact Mr. Ritchie.

4. We then asked Lucet whether he could throw any light on the press reports referred to in our reference telegram, as well as a reference in similar terms which we subsequently found had been made in *L'Aurore* on Monday November 23. We also showed him the text dated November 26 of a CBC script which you will no doubt now have heard. Lucet said at once he hoped we did not repeat not think he had anything to do with it. He showed in our opinion sufficient concern and indeed surprise at the *France-soir* text (which appeared *after* we had talked to Lucet on Wednesday) to convince us that he in fact knew nothing about it. He said he did not repeat not deal personally with the press and that it had been his own idea to express the views he had (my telegram 1244 November 26 to Robertson only). Lucet said he was quite sure that Quai had said nothing to the press about the General's visit being affected by Sahara vote, and when we asked him whether it might have been inspired by the Élysée, or possibly the Matignon, he said that he would try to find out. He himself was sceptical about the likelihood of the Élysée starting such a story. He said he would try to let us know before he left for New York. We could not repeat not resist remarking that perhaps these views had been put out by an officer overzealous to serve his master.

5. We also made the point that we hoped that no repeat no such story had been inspired. Whatever the merits of our vote on Sahara test might be, that was one subject. It would not repeat not help matters if disagreement over the merits of that vote was reflected in other unrelated fields.

6. Finally we asked Lucet whether he thought there could be anything in the press story to the effect that there remained some protocol difficulty in the way of General de Gaulle coming to Canada because he had not repeat not received a written invitation addressed to him in his capacity as President of the Republic. Lucet said he did not repeat not believe there could be such a difficulty; the invitation which was long standing had been well understood by the General. To be sure however he promised to check with Chief of Protocol and to let us know.[21]

[P.] DUPUY

[21] De Gaulle a visité le Canada en avril 1960./De Gaulle visited Canada in April 1960.

SUBDIVISION VI/SUB-SECTION VI

ALGÉRIE
ALGERIA

27. DEA/12177-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France

Secretary of State for External Affairs
to Ambassador in France

TELEGRAM S-303 Ottawa, July 21, 1959

SECRET. FOR CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Your Tels 489,† 498,† 613,† 649,† 650,† 690† of May 19, May 22, June 24, Jul 7, Jul 18; our Tels S-285† Jul 9 and S-305† Jul 21.
Repeat London, Bonn, Washington, Permis New York, NATO Paris (Opimmediate), Cairo (Priority) (Information).

ALGERIA

In our opinion the Algerian problem has to be dealt with on two levels in preparing for the probable debate on this question in the forthcoming UN General Assembly.

2. On the one hand we have to weigh certain practical considerations, including the legal nature of the case, the balance between our friendship for France and for the Afro-Asian countries supporting the rebels, and the contribution which any UN decision might make to a settlement of the war.

3. On the other hand, there is the broader issue of France's relations with Canada and with other members of the Western Alliance. We agree with you that the USA seems to relate the Algerian problem very closely to the difficulties which the French are creating within the framework of Western defence arrangements. This was evident again in Herter's remarks during his recent Ottawa conversations. Although there is clear evidence, however, that de Gaulle's decision to withdraw the French Mediterranean fleet from NATO command in time of war was motivated, in timing at least, by the USA abstention in the last General Assembly vote on Algeria, we think it is also clear that Algeria is not repeat not the only burr under the French saddle. De Gaulle has not given up his idea of a Western triumvirate and he still smarts from his "atomic isolation," and particularly from the USA refusal to provide a nuclear reactor for a French submarine, even though the UK had obtained one. It seems to us that all these factors are more closely related to de Gaulle's desire to reestablish France's grandeur than to other countries attitudes towards Algeria.

4. With this in mind, therefore, we think that for the time being we should try as much as possible to deal with the Algerian question in the UN as one problem and France's relations with her allies as another, of which Algeria is merely one of several facets.

5. It is impossible to predict at this stage whether definite progress towards a settlement of the Algerian war will have been made by the time the question is debated in the UN, but for the purpose of developing a Canadian policy we think that we should assume that the situation in a few months' time will not repeat not have changed significantly in these circumstances,

although we continue to think that French actions during the past year have been such as to make it easier for us to oppose a resolution hostile to France in the UN, we are not repeat not convinced at the moment that we should do much more than simply vote against such a motion. In any event, we concur in your recommendation that Canada should not repeat not try to play a leading role at the General Assembly either in the debate or in the corridors.

6. We agree with you that in a sense at least France is less likely than ever to be swayed by a UN resolution. We think, however, that it could be argued that concern voiced outside of France about the situation in Algeria can, if properly expressed, bolster the case of those forces in both France and Algeria which are pressing for a liberal solution. There is always the possibility, of course, that "outside interference" would have the opposite effect, but we doubt if moderate and reasoned concern should.

7. The FLN has failed to increase significantly its international recognition and there may well be less sympathy among African and Asian countries for the FLN's tactics, although no less for the principle of independence for which they are fighting. However this may be, we do not repeat not think, there is evidence at this stage to suggest that the public positions of these countries will change to any great extent. It seems very probable that until the FLN itself agrees to negotiate for limited objectives, countries which have supported it in the past will not repeat not withdraw their support whatever their inner misgivings might be. We think it safe to assume that few, if any of the African and Asian countries have any illusions about French tenacity or the ability of France's Western friends to bring effective pressure to bear on France in connection with the Algerian problem, much as they may urge action in this direction. Their public positions in all probability are determined not repeat not by a misunderstanding of the situation but rather by political necessity.

8. We are not repeat not happy with the situation as it exists since we face embarrassment every time the question arises in the UN in trying to justify our support of France, but we do not repeat not see much point in complaining to the French about their policy unless we have a clear idea of what we think they should do to solve the problem. Struggles for national self-determination do attract sympathy and we doubt whether any of France's friends would argue that Algeria nationalists (whether or not repeat not they belong to the FLN) should be repressed. On the other hand, France also deserves sympathy. A viable solution probably lies somewhere between the stand adopted by the ultras and that of the FLN extremists and we think that there is evidence to indicate that de Gaulle is working towards that solution. We hope that the moderates within the FLN, other Algerian nationalists and countries such as Tunisia and Morocco are also working in the right direction.

9. Herter's discussion with Adenauer in May[22] would seem to indicate that the State Department is in the process of reexamining its conscience, but we do not repeat not understand his statement that the USA cannot repeat not go on supporting the French stand since we have assumed that the USA absentation at the last Assembly marked the end of USA support of France if not repeat not actually the beginning of opposition to the French position. We shall probably be discussing the question with the State Department if only to find out what the USA has in mind as a solution to the Algerian problem, and whether George Allen's recent avowal of USA support for France was a reflection of a change in USA policy.

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[22] Voir télégramme 498, Paris à Ottawa, 22 mai 1959,† MAE/7839-40.
See Telegram 498, Paris to Ottawa, May 22, 1959,† DEA/7839-40.

10. If France's friends could come up with a possible solution, we think that Adenauer would probably be in a good position to raise the question with de Gaulle, both because the French view the Germans with somewhat less irritation than they do the "Anglo-Saxon countries" and also because de Gaulle has taken a public position on the specifically German question of the Oder-Neisse boundary line. Adenauer, however, is not repeat not only unwilling to attempt to reason with the French about Algeria, but he is actively canvassing other members of the Western Alliance including Canada seeking to line up a solid pro-French front in the General Assembly. This is no repeat no doubt a further effort on his part to strengthen the present Franco-German relationship which he was spent so much of his life in establishing. In any case we doubt that Germany could make any more acceptable suggestions to France with regard to her Algerian policy than Canada or France's other friends unless the French adopt a more moderate attitude towards the discussion of Algeria with their friends and allies.

11. This is one course of action which we consider the French might well weigh at this stage — an exercise in the field of public relations which would complement the development of their Algerian policy. A reasoned, moderate exposition of the French position and accomplishments in Algeria would, we think, make it easier for France's friends to support her. We agree with what you said to Langlais along this line, and we think that it would be worthwhile when you call on him at the Quai to develop this argument further against the background of this telegram.

12. Moreover, we think that this same attitude would be valuable not repeat not only in private discussions between France and her friends, but also in the wider forum of the UN. This would mean, of course, abandoning the rigid line of the past, but such a statement, even if prefaced by a reiteration of the French claim that the problem is purely an internal one, might well have a salutary effect in clearing the air. Most of all, it would provide a rallying point in the General Assembly for France's friends and a pretext for any waverers who might not repeat not be wholeheartedly behind a pro-FLN resolution.

13. Although the French refused to participate in last year's UN debate on Algeria they did state their position on the question as a matter of grace at both the Eleventh and Twelfth Sessions of the General Assembly, and it would be a relatively minor concession on their part, therefore, to do so again. The difficulty is, of course, that it presupposes the adoption of the more moderate attitude which I mentioned above, and it is only in the content of a free and frank discussion of the Algerian problem that such a modification of tactical policy could be suggested to de Gaulle. For the time being, therefore, we must content ourselves with pointing out to the French that we have supported them in every UN vote on the Algerian question. We have proven our friendship and such instances as appearances by Algerian rebels on the CBC are of very minor importance against this background. We should not repeat not be treated as though our policy is unfriendly to France when our record is so clearly one of support for the French position. Only, however, if France is willing to take us into her confidence can we be expected to support her so wholeheartedly in the future, let alone contemplate attempting to justify her position to other less friendly countries.

28. DEA/6938-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 924 Paris, September 19, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Tel 912 Sep 16.†
Repeat London, New York, Washington, NATO Paris, Brussels, Bonn, Hague, Rome, Cairo from Rome (Information).
By Bag Stockholm, Copenhagen, Oslo, Vienna, Belgrade, Ankara, Athens, Accra from London.

DE GAULLE'S POLICY STATEMENT ON ALGERIA

Our telegram under reference contained the official English version issued by the French Ministry of Information of de Gaulle's statement. Although the Ministry admits that it is not repeat not an entirely satisfactory translation they do not repeat not intend to issue any revisions. Essentially de Gaulle has promised a free choice to the people of Algeria within four years of the effective re-establishment of peace beginning with the extreme of secession (independence) at one end of the scale and ending with complete "francisation" at the other end (an alternative description for assimilation or integration). A middle course is also offered to Algeria based on a federal system of local autonomy, associated closely with France which would have reserved to it competency in matters relating to economic questions, education, defence and foreign affairs.

2. Looking at it from a purely internal point of view, the General's statement can only be regarded as a courageous one, more liberal in its conception than policies of previous French governments, and more liberal than many officials and perhaps even members of the present government anticipated. The statement is in keeping with the General's expressed views, since coming to power in June 1958, which have contemplated the political evolution of Algeria, through the exercise of a "true universal suffrage," constructed on the two-fold foundation of its own personality and a common sense realization of the advantages of close association with France. "Self-determination" within the extreme parameters now outlined can be said to represent an elaboration of the General's thesis made possible fundamentally by the attainment of an appreciable degree of political and economic stability at home and, in his view, substantial progress in the army's task of pacification in Algeria and its confidence in him as a leader who will not repeat not for the sake of political expediency leave it in the lurch, plus his conviction that France will not repeat not, of the inhabitants' free will, be voted out of Algeria. Whether external influences such as the views of members of the community, the Monrovia Conference, USA policy toward Africa and the heretofore bleak prospects for France's position in the Algerian debate at the then forthcoming UNGA played a part in advancing his personal timetable it is difficult to deduce with any assurance. It seems likely, however, that he had made up his mind to take a further positive step from the time he invited Mr. Hammarskjöld to Paris this summer.

3. The balance of argumentation in his statement with respect to the three choices which will be offered to the Algerians is interesting. He clearly regards secession as an outside possibility and clearly hopes, as he did with the referendum in Black Africa, that the Algerians will turn it down. He has dwelt at length on the consequences of secession and has bound himself to protect, physically and economically, all Algerians who in such an event prefer to remain French. He has also stressed that he would protect French interest in the Sahara oil and its transmission facilities. Some observers have taken this remark to mean that secession in de Gaulle's mind means partition. We do not repeat not think this is necessarily so, although the use of the term "regroupement" might be thought to suggest it. On the other hand, the General's words might envisage the sort of solution advocated by Raymond Aron for a long time, i.e. repatriation of Frenchmen to the Metropole. The protection of the Sahara oil facilities need not necessarily mean physical possession by France, but rather an arrangement with a new Algerian state.

4. The alternative of "francisation" which is oddly translated by the Ministry of Information as "out and out identification with France," is described by the General essentially in terms of assimilation of the Algerian population to metropolitan France. In describing its effects he seems to have had in mind shocking the integrationists into the full realization of the logical conclusion of their avowed policy (although not repeat not necessarily of their practice), and of putting them on notice that the time would inevitably come when French affairs under this solution would be fundamentally governed and radically altered by the demographic composition of the French Republic.

5. The third possibility, which from the internal evidence alone appears to be his own choice, the General treats in the briefest outline thus perhaps indicating his desire to ensure that full play is given in the time ahead to the elaboration of what he describes as an internal federal structure with the help of the indigenous authorities thus perhaps ensuring the most viable solution acceptable to the Algerian population at large. The General's statement "on peut maintenant envisager le jour ou les hommes et les femmes qui habitent l'Algérie seront en mesure de décider de leur destin, une fois pour toutes, librement, en connaissance de cause" does not repeat not exclude his private view (our telegram 785 September 5)† that eventually Algeria might evolve to independence. He regards Algeria, as he does the community to be a living organism. What he seems to have done is to look as far ahead into the future as he can with realism at this time. He has accordingly been careful to refer to the term of four years as a period which roughly coincides with his own term of office.

6. If the General has made his own preference for a solution clear it should in no repeat no way be regarded as detracting from the offer of secession. We suggest that he has purposely left the terms in which the referendum or new election should be held vague, although on past performance he has shown a preference for referenda. The statement places the FLN in a difficult position and more especially the self-styled provisional Algerian Government, not repeat not to mention its foreign supporters. The army can hardly object to the statement for there is no repeat no criticism of their policy of pacification which they are indeed encouraged to get on with, and there is an unambiguous undertaking not repeat not to negotiate a political settlement with the GPRA. It will be noted from the statement that there is a distinction between the politicians of the FLN and the members of the ALN. The return to French jurisdiction is guaranteed although rather vaguely. The latter however must clearly make their peace with the "authorities" who in the present circumstances are obviously the army in the field.

7. There are obviously a number of points which require further definition, e.g.

(a) The re-establishment of peace is described as depending on a maximum death rate of 200 per annum, a very precise figure which, if strictly maintained, could prolong the preliminary stage ad infinitum. The present official figures in the first eight months of this year for civilians alone stand at 1,613.

(b) The General refers to "asking the Algerians in their 12 departments to choose their future." Does this mean that one department could secede while another stayed in.

(c) Does the General in fact have legal power to offer secession?

(d) Can the people of Algeria be constitutionally consulted separately from the citizens of the Metropole and in what way would the French electorate be called upon to endorse the Algerians' choice? All these points will require definition in due course and would have led to endless political disagreements under the Fourth Republic.

8. Initial reaction to de Gaulle's declaration of policy appears to have been preponderantly favourable in metropolitan France, only the communists being fundamentally critical on the grounds that it is a manoeuvre to gain time, deceive the UN and secure by guile what has been impossible to impose by force. Although as of the 18th only the M.R.P. and left Gaulists have given their approval without reserve, the criticism of S.F.I.O. for example takes issue only with the lack of a more positive and precise offer of a cease-fire. Other parties — with the exception of the bulk of the independents and the U.N.R. which as a group has not repeat not yet been heard from — direct their doubts or disappointments to secondary factors.

9. Algerian comment is mixed and follows the lines which have now become traditional. The great mass of the Muslims of course have not been heard from. The activists, nationalists and anciens combattants in Algeria plus the conservative group of Algerian parliamentarians, while welcoming the firmness of the General in not repeat not negotiating with the enemies of France, are deeply disturbed at even the theoretical possibility of the people opting for independence. The liberal element is favourable. There is a consensus, however, that peace seems still to be a long way off, a prospect which is not repeat not pleasing to anyone. The army, without whose aid the ultras are at worst a nuisance, had so far remained generally calm and non-political. Earlier in the week a statement had been issued by General Challes headquarters to the effect that the armed forces were "outside any movement and no repeat no association can pretend to express its feelings. The army is entirely united behind its chief, General de Gaulle." This was reinforced on 17 September by an article in the *Bulletin d'information de la Défense nationale* expressing satisfaction with de Gaulle's policy although deliberately playing down the possibility of secession. That some elements of the army nevertheless retain their vision of Algérie française is becoming evident in Algiers where after the curfew posters proclaiming "Algérie française toujours" have appeared on the streets. In this regard it might be noted that General Zeller, the retiring Chief of the General Staff, has just concluded a visit to Algiers where allegedly against the wishes of Delouvrier's office he placed a wreath on the war memorial with the inscription "to those who fell for Algérie française."

10. The GPRA which has been meeting in Tunis since Wednesday had not repeat not yet made any authoritative comment. They are known to be awaiting the return of Mohammid Yazid from Washington DC and New York, to be consulting the ALN in the field and to have had conversations with Bourguiba (the latter is assumed to have counselled them not repeat not

to reject the General's plan outright and to be playing his own hand at trying to insert a Mahgrebian choice into the scheme).

11. In the course of this apparent reassessment of the situation an attempt was made on the life of Messali Hadj, leader of the MNA who had expressed his personal agreement with the General's policy. It is assumed that the attacker, as in the case of Senator Bouhabyles at the end of August, was a member of the FLN.

29. DEA/12177-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 1780 New York, November 20, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: My Tel 1779 Nov 20.†
Repeat London, Washington, Paris, NATO Paris (Opimmediate), Geneva (Information).

ITEM 59 — ALGERIA

Our reference telegram contains text of a communiqué issued by the FLN[23] which has been circulating in the corridors at the UN today. As you will see it offers negotiations with the French provided the negotiations are not repeat not restricted to the military questions of a cease-fire.

2. Roux of French delegation indicated to us that they would like to keep in close touch with us on this item, which may come up for discussion in First Committee towards end of next week (i.e., after discussion of Korean item which will begin on Monday November 23).

3. Roux informed us that they have not repeat not yet had any official reaction from Paris but that the preliminary reaction of the delegation here is that this communiqué represents a purely tactical move by the FLN designed to place French at a disadvantage in the debate. Roux added that French delegation would expect Arab members to point to communiqué as proof that FLN is extending hand of conciliation. If French Government found it necessary to turn down the offer or found it difficult to accept in its present terms, French delegation would expect Arab members to call on UN to bring pressure on France to be more reasonable.

4. Roux asked for our estimate on the significance of this FLN communiqué. We have not repeat not had a chance to discuss it with other delegations but would in the meantime appreciate your comments.

5. There is a general expectation that the debate on Algeria will be fairly short (perhaps about a week) and that the resolution to be introduced will be relatively mild. However, it is still early to foresee clearly how the consideration of this item will develop. We should like to know therefore whether there has been any further development of Canadian policy on this question since our commentary was drafted. Should we consider, for example, actively recommending moderation to African and Asian delegations in the light of what we consider to

[23] Voir/See "Statement by Algerians," *New York Times*, November 21, 1959, p. 2.

be increasingly hopeful signs that a solution acceptable to both the French and rebels may be achieved in the foreseeable future? If a very mild resolution expressing the General Assembly's hope that these encouraging developments will result in a solution is introduced, could we support it despite France's insistence that this is a question outside the competence of the UN? Would the French accept our support of such a resolution as an effort to be helpful or would they perhaps regard it as another unfriendly action? Your views on such questions would be appreciated.

30. DEA/12177-40

Note du bureau du secrétaire d'État aux Affaires extérieures pour la Direction européenne

Memorandum from Office of Secretary of State for External Affairs to European Division

CONFIDENTIAL [Ottawa], November 23, 1959

Reference: Candel New York telegram 1780 of November 20, 1959.

ITEM 59 — ALGERIA

In preparing a reply to the above-mentioned telegram, you may find helpful the following oral comments made by the Minister after reading the Delegation's telegram.

2. On our general attitude towards the Algerian item, he is anxious to take the opportunity, on an issue in which we are in fundamental sympathy with the French position, to off-set the strain that was imposed on our relations with France by our vote on the Sahara tests. He would like a telegram sent to the Delegation would instruct them to go out of their way to be of help to France over the Algerian item.

3. With regard to the questions asked in the final paragraph of the telegram, the Minister would be in favour of our lobbying with African and Asian delegates only if that were acceptable to the French Delegation. He would not favour our supporting even a mild resolution if France were opposed to our doing so. Finally, he would prefer that the French attitude on these questions be left to our Delegation in New York to ascertain from their French colleagues rather than having our Embassy in Paris make any approaches to the Quai d'Orsay.

ROSS CAMPBELL

31. DEA/12177-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en France

Secretary of State for External Affairs
to Ambassador in France

TELEGRAM S-505 Ottawa, November 27, 1959

SECRET. OPIMMEDIATE.
Reference: Your Tels 1240,† 1242† and 1243.†
Repeat Candel New York, London, Washington, NATO Paris, Geneva, Rome, Brussel, Hague, Bonn, Cairo (Information).

ALGERIA

We are grateful for your telegrams 1240, 1242 and 1243 on the subject of the Algerian item in the United Nations. We agree that it would be useful for you to inform the Quai on instructions of the position which Canada will adopt on this item before the United Nations. We hope that you will get this message in time to do so before Lucet leaves Paris for New York. We shall be informing the French Ambassador here late this afternoon. When explaining our position at the Quai you might say that the Head of European Division is going down to New York to be there for this item and that he will look forward to keeping in close touch with Lucet.

2. When describing the position which Canada will adopt you should refer to our consistent support of the French in succeeding assemblies, to the conversations which we have had both in Paris and in Ottawa on this subject during recent months and specifically to the Minister's conversation with Mr. Couve de Murville[24] in which he assured the French of our continued support this year. You might also find it appropriate to refer to the Prime Minister's statement to the press welcoming General de Gaulle's announcement of September 16[25] as evidence that our position is based on an objective assessment of the situation. We consider it desirable to make these points in order to avoid as far as possible any tendency to consider that the support that we shall be giving to the French on the Algerian item is designed simply to counterfact the effects of our vote on the Sahara test resolution. It is our hope that that issue is now closed and we would not wish the unfavourable French reaction which we can understand and which we regret to have consequences in other spheres. We have particularly in mind the effect it might have on the General's plans to visit Canada to which reference has been made several times in the press and radio and which has been raised with you personally and confidentially by French officials.[26] We shall be sending you a separate message on this subject.

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[24] Voir/See document 331.

[25] Voir/See *La Presse de Montréal*, le 17 septembre 1959, p. 1.

[26] Voir les documents 24 à 26./See Documents 24-26.

32. DEA/6-1959/2

Extrait du rapport final de la quatorzième session de l'Assemblée générale

Extract from Final Report on the Fourteenth Session of the General Assembly

AGENDA ITEM 59

CONFIDENTIAL [Ottawa, n.d.]

QUESTION OF ALGERIA

This was the fifth consecutive session of the General Assembly at which the question of Algeria was inscribed on the agenda and the fourth at which it was discussed in detail. As in past years, the item was inscribed at the request of a group of African and Asian members. In an explanatory memorandum attached to their request the Permanent Representatives of these countries, noting that despite the appeals in previous resolutions there had been no indication of improvement in the Algerian situation, declared that the attainment of a solution in conformity with the purposes and principles of the Charter of the United Nations had become increasingly difficult.

2. Between the time when this request was submitted to the Secretary-General in July 1959 and November 30, 1959 when consideration of the item was begun in the First Committee, however, developments occurred which were generally recognized to constitute a significant indication of improvement in the Algerian situation. On September 16, the President of France, General de Gaulle, issued a declaration in which he recognized the right of the Algerian people to self-determination and in which, in the name of France, he promised to offer them a free choice — within four years after the cessation of hostilities in Algeria — between secession from France, integration with France and a middle course of what might be termed federation with France. The so-called Provisional Government of the Algerian Republic (GPRA), the political directorate of the Algerian nationalist movement, announced on September 28 its acceptance of the principle of self-determination as the basis for resolution of the conflict in Algeria, and its willingness to negotiate a cease-fire with the French Government. Both sides subsequently introduced certain qualifications and complications into these basic positions, but the situation by the end of November was nevertheless more hopeful than ever before. Against this encouraging background the Assembly's consideration of the item was conducted in a more moderate manner than ever before.

3. A resolution similar to but milder than last year's (A/C.1/L.246 attached as Annex II)† was adopted by the First Committee but was not voted upon in plenary. The co-sponsors, fearing that it would fail to obtain the necessary two-thirds majority in plenary unless it was revised, arranged for the introduction of a much milder resolution under Pakistan's name. (A/L.276, attached as Annex III).† However, the General Assembly rejected it by a vote of 39 in favour, 22 against (including Canada) and 20 abstentions. The Assembly, therefore, decided to take no action on Algeria at this session.

Canadian Position

4. Even before General de Gaulle's declaration of September 16, it was the Canadian view that the complexity of the Algerian problem and the absence of any clear line to a completely satisfactory solution made it extremely doubtful that the United Nations was the best agency to

devise a formula for its settlement. Taking into account the military, political and economic progress which had been achieved in Algeria during the preceding year, which seemed to hold the promise of at least the beginning of a viable political solution, Canada considered it to be important that the more moderate elements in France and among the Algerian nationalists should be given an opportunity to take advantage of this promise. For this reason, it was Canada's hope that the General Assembly could avoid adopting a resolution hostile to France.

5. By the time the question came up for consideration by the United Nations, of course, both the French Government and the leaders of the Algerian rebels had accepted the principle of self-determination as providing the basis for an ultimate solution acceptable to all concerned. Canada was more than ever convinced by this encouraging development that a United Nations resolution could do nothing to facilitate a settlement in Algeria, and might actually hinder the achievement of a solution. It was decided, therefore, to support France in its opposition to the adoption by the General Assembly of any resolution, and the French Government was so informed. A subsidiary consideration in doing so was the strain imposed on Franco-Canadian relations by the Canadian vote on the resolution on the proposed French nuclear tests in the Sahara (see the Final Report on Item 68 - Chapter IV - 6). The Canadian Delegation was accordingly instructed to oppose any action by the United Nations which could hamper the chances of a peaceful solution based on President de Gaulle's declaration of September 16.

6. While Canada was thus committed to a clear course of action, it considered that it would be difficult for the Canadian Delegation, or other like-minded delegations, to campaign actively for its acceptance by the General Assembly unless France itself played a similarly active role. Canada, as well as others of France's friends, therefore urged the French to participate in the deliberations, if only to restate the position it had already clearly enunciated. As was the case at the thirteenth session, however, France took the view that this question was outside the competence of the United Nations as defined by Article 2 (7) of its Charter, and boycotted all meetings of the First Committee and the General Assembly at which the item was discussed.

7. In view of this refusal by France to participate in the debate, the Canadian Delegation refrained from actually lobbying against any United Nations action at this hopeful stage of developments. It did, however, take advantage of opportunities that offered to explain the Canadian attitude to African and Asian delegates, and it intervened twice in the debate in committee to urge the restraint which it considered necessary if the General Assembly was to facilitate rather than hamper the achievement of a solution.

8. In his statement in the First Committee[27] (see Canadian Delegation Press Release No. 26 of December 2, 1959) the Canadian Representative argued that since September 16 of this year the character of the Algerian question had been completely changed and a totally new point of departure for its solution had been provided. Canada, he said, had every confidence in President de Gaulle's intention and his ability to carry the policy he had enunciated on that date through to completion, and believed that the way was open for the achievement of the legitimate aspirations of the Algerian people. For this reason, Canada was concerned lest some action, no matter how well-intentioned, might be taken which might hamper achievement of the peaceful solution which was now in prospect. Mr. Nesbitt recognized the sincere desire of all delegations to facilitate a solution, but doubted that specific action by the United Nations at

[27] Voir Canada, ministère des Affaires extérieures, *Déclarations et discours 1959-60*, N° 59/45.
See Canada, Department of External Affairs, *Statements and Speeches 1959-60*, No. 59/45.

this stage would do this. He suggested that the best contribution which the United Nations could make to a settlement might be found in the general expressions of concern and encouragement which had been voiced from all sides during the debate, and recommended that the United Nations, recognizing the indirect but very powerful influence which flowed from its discussions, should refrain from intervening with a formal resolution at this delicate stage.

9. When it became clear that the majority in the Committee did not accept this Canadian thesis, and a draft resolution was introduced by 22 Asian and African delegations (Annex II), the Canadian Representative intervened again briefly (See Canadian Delegation Press Release No. 29 of December 7, 1959) to restate his Delegation's position in opposition to the proposed resolution. Canada did not speak in the debate in plenary, but for the same reasons which had guided its action in committee, voted against the modified resolution submitted by Pakistan (Annex III).†

Procedure in Committee

10. The First Committee devoted twelve meetings from November 30 to December 7 to consideration of the question of Algeria, and some 53 countries participated in the debate. The Rapporteur's report is appended to this report as Annex I.†

11. The debate began with a statement by the Representative of Tunisia, who introduced the case which was later supported and elaborated by most Asian and African delegations, and which had presumably been approved by the Algerian Front of National Liberation (FLN) and the Provisional Government of the Algerian Republic (GPRA). The Tunisian Representative considered that new prospects had been opened for the return of peace by a democratic solution in conformity with the principles and spirit of the Charter of the United Nations as a result of President de Gaulle's recognition of the right of the Algerian people to determine freely their own destiny and the GPRA's acceptance of the application of the principle of self-determination as a solution of the conflict. He thought that no disagreement of substance remained between the two parties, but regretted that France was not participating in the debate to clear up certain remaining doubts. Because of declarations made by French leaders other than de Gaulle which had distorted the sense of the principle of self-determination, it was reasonable to ask that guarantees of a political character be discussed directly between the two parties. He appealed for personal contacts to work out an outline of a solution which could be accepted by both sides without ambiguity. He also supported the demand of the Algerian nationalists that these discussions should entail the political conditions necessary for a free referendum in Algeria as well as the military conditions for a preliminary cease-fire.

11. He went on to welcome the GPRA's nomination on November 20 of five Algerians to conduct negotiations with the French Government on its behalf as a manifestation of goodwill and a serious step towards solution. It did not matter that the proposed negotiators were all prisoners of France, for the British had released Nkrumah to negotiate Ghana's future and the French themselves had brought Mohammed V back from Madagascar to help settle the dispute in Morocco. Moreover, the composition of the GPRA delegation was not definitive; the way was open for the addition of other names. It was necessary only for France to accept the November 20 communiqué for the first direct contact to be effected and discussions opened. In conclusion, he stated that the debate in the United Nations would contribute to a settlement.

12. In general the line of this Tunisian statement was followed by the other African and Asian delegations which intervened in the debate, although some of them notably Saudi Arabia,

Lebanon and Morocco, presented it a good deal less moderately. The principal points stressed by the Asian and African Representatives were the necessity, in view of what they termed the inconsistencies and conditions surrounding the French recognition of self-determination for Algeria, of negotiated guarantees that the application of the principle of self-determination would be free and complete, and the duty and responsibility of the United Nations to take action which would facilitate negotiations between the parties concerned and the ultimate achievement of a just and peaceful solution of the Algerian conflict.

13. A number of other delegations adopted more or less the same point of view as Canada, arguing that since September 16 the possibilities of a final resolution of the Algerian problem had been greater than ever before, and that nothing should be done which might hinder the achievement of the resolution. Nothing the United Nations could do at this stage of developments, they maintained, could effectively facilitate a solution, and indeed action by the United Nations might well be more of a hindrance than a help. They recommended, therefore, that the committee should conclude its debate on the Algerian question without adopting a resolution. Among the delegations who took this approach were those of the United Kingdom, the United States, Australia, Peru, Belgium and Spain. Belgium also supported the French contention that this question was outside the competence of the United Nations.

14. Between these two positions, there were several other delegations that were prepared to support the adoption of a resolution on Algeria, but found objections in the draft submitted by the Representative of Burma on behalf of 22 Asian-African co-sponsors (A/C.1/L.246 and Add. 1) on December 1. Foremost among these was the Delegation of Argentina, whose Representative stated that his country agreed that the General Assembly should adopt a resolution on Algeria and that a constructive resolution would encourage the achievement of a solution. He objected, however, to the references in the draft to "two parties" and indicated that unless these were deleted Argentina would have to abstain on the draft resolution as a whole.

15. At one point during the debate, consideration was given by some delegations, including those of the United Kingdom, Norway, Japan, Austria, Sweden and Venezuela to the possibility of proposing an alternative resolution designed to be as unobjectionable to the French as possible, simply referring to the debate and viewing with satisfaction progress towards a solution. When France indicated, however, that it preferred to rely on the possibility of producing a blocking third against the African-Asian draft, this idea was dropped.

16. In the end, therefore, only one draft resolution was presented to the committee, and it was adopted by a vote of 38 in favour, 26 against and 17 abstentions. The detailed record of the voting, paragraph by paragraph, is given in the Rapporteur's report (Annex I).† Canada abstained on the first six preambular paragraphs, but voted against the seventh, on the grounds that the Algerian situation did not constitute a clear threat to international peace, as well as against the eighth and the single operative paragraph because of their references to "two parties" and the implied prejudgment of the objective of pourparlers. We also, of course, voted against the resolution as a whole.

Action in Plenary

17. Although the African-Asian draft resolution had been adopted in committee, it had not received the two-thirds majority which would be required for its adoption in plenary and its sponsors realized that it was unlikely that it would do so. They made strenuous efforts therefore to devise a more moderate text which would have a better chance of acceptance by the General

Assembly. To enable them to conduct these deliberations, the General Assembly postponed three times its consideration of the First Committee Rapporteur's report, and as a result this item did not come up in plenary until December 12, the final day of the session. Canada abstained on each vote for postponement. On December 11 an alternative draft (A/L.276, attached as Annex III)† was circulated by Pakistan. This draft deleted both the references to "two parties" and the assertion that the Algerian situation constituted a threat to international peace. In its operative section, it merely recognized the right of the Algerian people to self-determination and urged the holding of pourparlers with a view to arriving at a peaceful solution on the basis of this right and in accordance with the principles of the Charter of the United Nations.

18. When the item finally did come before the General Assembly, a U.A.R. proposal to reopen the debate was adopted by a vote of 44 in favour, 4 against and 19 abstentions (including Canada). The Representatives of Pakistan, Burma, Jordan, Ceylon, India and Guinea reiterated the African-Asian view that it was the duty of the United Nations to express a formal opinion on this question and that a resolution would help, not hinder, the achievement of a solution. They commended the new draft to the Assembly, stating that it was not intended to favour one party or the other and that it was the least the United Nations could do to contribute to a settlement. Belgium, Peru, Spain, Ecuador and the United Kingdom repeated their view, which was shared by Canada, that no resolution would be a positive contribution at this delicate stage of developments, and declared their intention to vote against the new draft as they had voted against the earlier draft in committee. Argentina announced, however, that since the elements in the earlier draft resolution to which it had objected had been deleted in the new draft, it would vote in favour.

19. When the Pakistani draft resolution was put to the vote it was rejected by a vote of 39 in favour, 22 against and 20 abstentions. Canada voted against the resolution in accordance with its conviction that no resolution should be adopted, and also against the second operative paragraph which, in the Canadian view, constituted United Nations interference in the process of achieving a solution. A number of other delegations (including Australia, Ecuador and Norway) which shared the Canadian view about the undesirability of adopting a resolution feared, however, that if this second operative paragraph were defeated it would be very difficult to reject the truncated resolution as a whole. They therefore abstained on this paragraph and it was retained.

20. The record of the voting, paragraph by paragraph, on the Pakistani draft resolution is given in Annex IV.†

Action Required

21. While Canada's position at the fourteenth session was vindicated by the General Assembly's final action on this item, the situation may be more difficult next year should Algeria again be on the agenda. If it is generally accepted that further definite progress towards a solution has been achieved by the time of the fifteenth session, we will presumably maintain our position. If, however, no such progress has been achieved, and if the African and Asian members try to push the Assembly into taking a definite stand on the side of the Algerian nationalists, it may become increasingly difficult to avoid some gesture toward the view that the United Nations might offer positive encouragement to a settlement.

SUBDIVISION VII/SUB-SECTION VII

TIBET

33. DEA/50077-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], March 24, 1959

POLITICAL UNREST IN TIBET

Reports in Monday's press appear to confirm that serious disturbances have been going on in Lhasa since last Thursday. Information is meagre and in large part unreliable. The Indian Consul-General in Lhasa, however, has apparently reported that street fighting in Lhasa broke out when the rumour spread that the Tibetan spiritual and temporal ruler, the Dalai Lama, was about to be arrested by the Chinese Communist representative and would be removed from Lhasa to Peking. Whether or not this rumour was well founded, crowds of people assembled near the Dalai Lama's residence and small arms fire broke out. Subsequent reports indicate that the situation in Lhasa is now quieter but there is no word as to the whereabouts or well-being of the Dalai Lama. It seems quite possible that renewed violence could occur.

Tibet, with a population of about 4,000,000, is one of the most isolated regions of the world. Normal means of communication are almost completely lacking, and India is the only non-Communist country with any representation in Tibet. The Tibetans are deeply religious Buddhists who revere the Dalai Lama. Consequently the Chinese Communists have been attempting to control the population through the Dalai Lama. The latter, however, has given evidence of resistance to Communist indoctrination.

There has been a history of intermittent strife and guerilla warfare in Tibet ever since the Chinese Communist invasion in 1950. Throughout the past year in particular there have been repeated reports of a guerilla campaign led by Khamba tribesmen of Southern and Southeastern Tibet. Some press reports have indicated that large portions of Tibet were controlled by the Tibetan guerillas who ranged to within 40 miles of Lhasa. Private Indian comment prior to the new outbreak suggested that the reports were exaggerated.

We are not aware of any position having been taken by Canada in recent years on the question of Tibet's relationship with China. Historically the status of Tibet in international law has been uncertain and ill-defined. At times Tibet has given evidence of a considerable degree of independence. In recent times, however, there seems to have been a wide measure of agreement to the effect that Tibet was vaguely under nominal Chinese suzerainty. After the Communist invasion of 1950 the Chinese sought to establish physical control of the country, and a general agreement signed in 1951 by representatives of Tibet and the Peking régime gave control of Tibet's foreign relations to Communist China, while permitting the stationing of Communist Chinese troops at various points within Tibet. Control over Tibet's internal affairs, however, was left to the Tibetan Government.

Despite the promise of internal autonomy, the Chinese Government apparently began preparations to exert full sovereignty over Tibet. In face of considerable Tibetan resistance, together with a certain amount of Indian diplomatic pressure, these plans were, in part at least, suspended. The events of the past week may indicate a renewed Communist effort to impose a firmer internal control.

India, for political and strategic reasons, has an obvious special interest in neighbouring Tibet. It seems clear that India acknowledges the right of Communist China to control the foreign affairs of Tibet. This is demonstrated by the signing of a Sino-Indian agreement in 1954 which confirmed India's commercial rights in Tibet. It is also indicated by the remarks of Prime Minister Nehru in the Indian Parliament on August 20, 1958 in which he said (as reported by the *Times of India*) "I submit that Tibet, long long before the Communist régime there, was always looked upon and considered by the world community as being under the suzerainty of China ... It is completely true that there had been periods in Tibetan history that, when Tibet was strong, she (Tibet) did not acknowledge that position. But I am talking about our position in the matter. We took up a certain position and messages have been exchanged and published. We could not possibly interfere, neither in law nor in fact." This cautious attitude was repeated by Mr. Nehru in the Indian Parliament on March 23, 1959 when, in commenting on the Tibetan disturbances, he contented himself with expressing hope for the safety of the Dalai Lama and for the peaceful resolution of the present troubles. The United Kingdom Government has also in the past recognized Chinese suzerainty over Tibet.

I attach for your consideration a possible statement† which you might wish to make in case the matter is referred to in the House.

N.A. R[OBERTSON]

34. DEA/50077-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM Y-70 Ottawa, April 7, 1959

CONFIDENTIAL. OPIMMEDIATE.

Repeat Washington, New Delhi, NATO Paris, London, Canberra (Priority) (Information). By Bag Kuala Lumpur, Hong Kong, Tokyo, Paris, Moscow.

TIBET

We are concerned at speculation that the Chinese Communist repression of the Tibetan revolt may be brought before the United Nations. The Chinese reaction to the Tibetan revolt has undoubtedly been an embarrassing experience for Mr. Nehru and his position has been rendered even more delicate by the arrival in India of the Dalai Lama. The useful lesson in Communist imperialism may well be lost on the Asians if the Western Powers show too much eagerness to exploit it for what will seem to the Asians western cold war purposes. It would be a grave tactical error to bring the question to the Security Council in such a way as to put Mr. Nehru on the spot. He is only too well aware that nothing will be accomplished for the Tibetans by rousing denunciation in the Security Council or the Assembly and that if India were forced to join in the denunciation, it would lose whatever diplomatic influence it might have on China. Any successful move in the U.N. must have Indian support, and this is not likely to be forthcoming so long as Mr. Nehru holds firmly that what happens in Tibet is an internal Chinese matter. The Indians might well think, furthermore, that they, as the most interested party, should be allowed to take any initiative that might be undertaken.

2. While we have no indication of United States' thinking on the question, there is the danger that a country such as Nationalist China might, by referring the problem to the United Nations, virtually force the United States to back the play. Nothing could be worse, of course, than to have Tibet's case sponsored by the Nationalist Chinese, as this would drive India and the other leading Asian countries into opposition.

3. We would be grateful if you would discuss the question with the Americans in New York. We realize, of course, that it would not be easy to argue publicly against a reference of Tibet to the U.N. and it is for this reason that we believe it best to take preventive measures. Perhaps the French would see the argument against UN actions as Tibet is probably, in the eyes of most UN members, as much a part of China as Algeria is of France.

35. DEA/50077-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 1276 New York, October 1, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 1265 Sept 30.†
Repeat Washington, London, NATO Paris, Paris, Delhi from Ottawa (Priority) (Information).

TIBET

During talks the Minister had yesterday with Dixon (UK) the latter mentioned the concern the UK felt about USA intentions with respect to the Tibetan item, emphasizing that the UK and others who had planned to support inscription of this item did so on the understanding that it would not repeat not be handled as a political issue with cold war implications. The Minister expressed sympathy with this concern and said he intended to let the Americans know. On the Minister's instructions Ritchie has since told Barco (USA) that Canada would be very distressed if the Tibetan item were discussed in the First Committee and if the Dalai Lama were invited to attend. Barco took note of this view and said he would report it to Washington. He argued, without too much personal conviction it seemed, in favour of the course proposed by the USA. He said in particular that it would cause great embarrassment to the USA, and he thought to other countries as well, if the Dalai Lama wanted to come to New York but was told that he could not repeat not be heard. We replied that we would hope that the Dalai Lama's friends would dissuade him from coming.

36. DEA/50077-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 1328 New York, October 7, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Tel 1290 Oct 2.†
Repeat Washington (Opimmediate), London, NATO Paris, Paris, Delhi from Ottawa (Priority) (Information).

TIBET

General Committee Meeting scheduled for October 5 was postponed to Friday, October 9 apparently to permit additional discussions re tactics. According to Irish delegate yesterday they are now reasonably satisfied that no repeat no one will insist on reference to a committee. Assuming General Committee recommends and Assembly approves inscription it seems likely effort will be made to consider item urgently in plenary and debate may take place next week.

2. Thondop, brother and representative of Dalai Lama arrived New York October 5. Irish and Malayan delegates have seen him and have received impression that he will act in discreet manner and will not repeat not seek to present views publicly to UN.

3. Norwegian delegate is promoting idea that subject should be discussed without a resolution. We do not repeat not know how much support this idea has but the Irish delegate is opposed on grounds that it would be inconsistent for Assembly to consider this matter urgently and then just have debate peter out without a conclusion.

4. Our telegram 1329 contains text of latest draft Irish-Malayan resolution. You will note that changes have been made in the following articles as compared with the previous draft referred to you in our telegram 1266 September 30:† Article (1) Reference to specific articles of Charter removed. Article (2) Addition of phrase re Tibetan people. Article (3) Rewritten to remove reference to political autonomy and international recognition. Article (4) Revision of wording with no repeat no real change in substance. Article (6) Editorial charges. Article (7) Removal of reference to restoration of their civil liberties.

5. You will note that Article 5 still retains reference to "increasing international tension" despite our earlier understanding that this had been changed. However the net effect of the changes to the whole resolution seems to increase emphasis on the human rights character of the resolution.

6. It seems unlikely that additional substantial changes will be made to this resolution before its introduction and our preliminary view is that we could vote for its adoption. However despite the character of the resolution and the intentions of the authors it seems clear that the debate is likely to develop along cold war lines and our inclination therefore is that we should not repeat not speak.

7. The following extract from the statement of the USSR representative in the general debate yesterday indicates line to be taken by Soviet bloc: "... The attempts to impose upon the current session questions such as the so called Tibetan question testify to the fact that certain quarters

are seeking to hinder the creation of a businesslike and sober atmosphere in the UN. It is clear to everybody that those who call the tune behind the backs of Ireland and Malaya wish to maintain by all possible means the atmosphere of the "cold war". At the same time, the principles of the UN are being grossly flouted, and this seriously undermines the prestige of the organization. This session of the Assembly should rebuff the attempts to use the UN for the purpose of aggravating relations among states. It is our duty to contribute in every way to the invigoration of the international atmosphere and to the maintenance and consolidation of world peace."

8. Please confirm our view that we should vote for inscription of item and also for its immediate consideration if this is procedure proposed. Would also appreciate your views on acceptability of draft resolution in its present form as well as our disinclination to speak during the debate.

37. DEA/50077-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 1329 New York, October 7, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 1328 Oct 7.

Repeat Washington (Opimmediate), London, Paris, NATO Paris, Delhi from Ottawa (Priority) (Information).

TIBET

Following is text of revised Irish-Malayan draft resolution on Tibet dated October 5: Begins:

FEDERATION OF MALAYA AND IRELAND
DRAFT RESOLUTION — QUESTION OF TIBET

The General Assembly

1. Recalling the principles regarding fundamental human rights and freedoms set out in the Charter of the UN and in the Universal Declaration of Human Rights adopted by the General Assembly on the 10 December 1948,

2. Considering that the fundamental human rights and freedoms to which the Tibetan people, like all others, are entitled include the right to civil and religious liberty for all without distinction,

3. Mindful also of the distinctive cultural and religious heritage of the people of Tibet and of the autonomy which they have traditionally enjoyed,

4. Gravely concerned at reports and information that the fundamental human rights and freedoms of the people of Tibet have been forcibly denied them,

5. Deploring the effect of these events in increasing international tension and embittering the relations between peoples at a time when earnest and positive efforts are being made by responsible leaders to reduce tension and improve international relations,

6. Reaffirms the right of all peoples to respect for their culture, to just treatment and to protection against abuses,

7. Calls for respect for the fundamental human rights of the Tibetan people and for their distinctive cultural and religious life. Ends.

38. DEA/50077-40

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 8, 1959

TIBET

This is to record that the Prime Minister has seen this morning's telegrams 1328 and 1329 on Tibet and that he concurs in the recommendation of the Delegation as to inscription of the item and support for the draft resolution in its present form.[28] The Prime Minister also agrees that it would be as well for the Delegation not to speak in the debate.[29]

H.B. ROBINSON

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[28] Ce texte a servi de base à la résolution 1353 (XIV) de l'Assemblée générale, adoptée le 21 octobre 1959 par 45 voix (Canada) contre 9 et 26 abstentions. Voir le texte définitif dans *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 69.
This draft was the basis for General Assembly Resolution 1353 (XIV), adopted October 21, 1959 by a vote of 45 (Canada) to 9, with 26 abstentions. For the final text, see *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 69.

[29] Note marginale :/Marginal note:
Mr. Robinson gave the P.M.'s views to Mr. R. Campbell by telephone Oct. 8. J.W. H[olmes]

SUBDIVISION VIII/SUB-SECTION VIII

AFRIQUE DU SUD
SOUTH AFRICA

39. DEA/6-1959/2

Extrait du rapport final de la quatorzième session de l'Assemblée générale

Extract from Final Report on the Fourteenth Session of the General Assembly

AGENDA ITEM 61 [Ottawa, n.d.]

CONFIDENTIAL

QUESTION OF RACE CONFLICT IN SOUTH AFRICA RESULTING FROM THE POLICIES OF APARTHEID OF THE GOVERNMENT OF THE UNION OF SOUTH AFRICA

. . .

Canadian Position

3. As in previous sessions, the Delegation was prepared to abstain if a vote were taken on the inscription of the item. Our view was that the Assembly had the right to discuss the item but that we doubted the value of continuing United Nations discussion on this subject in the absence of any fundamentally new approach to the question. However, in the event, there was no vote either in the General Committee or the General Assembly on the inclusion of this item in the agenda of the fourteenth session.

4. Canada has never made any secret of its dislike of the discriminatory racial policies followed by South Africa but recognizes that the problem is an extremely difficult and complex one and has always been prepared to abstain on any resolution which was either immoderate in terms or called for any action which amounted to intervention in the Union's internal affairs. During the thirteenth session the main sponsors of past resolutions on the subject decided to abandon the strongly condemnatory type of resolution introduced in previous sessions and instead made an effort to meet the views of countries such as Canada, New Zealand and the United States which had been unwilling to join in recriminations. In informal conversations with the sponsors the Canadian and other delegations were able to influence materially the terms of the resolution finally submitted. This re-affirmed the obligation of all states under the Charter to follow policies promoting the observance of human rights and only in its concluding paragraph expressed "regret and concern" that South Africa had not yet responded to Assembly appeals to reconsider its racial policies. Last year the Canadian Delegation abstained on the preamble which recalled earlier resolutions but supported the operative paragraphs and in view of the moderation of the resolution voted in favour of the resolution as a whole. Only 5 delegations (Australia, Belgium, France, Portugal and the United Kingdom) voted against and 4 abstained (Dominican Republic, Luxembourg, Netherlands and Spain). Strong opponents of apartheid such as India regarded the outcome, with more delegations supporting the resolution than ever before, as a signal victory.

5. With the experience of the thirteenth session in mind, a large group of African-Asian delegations led by India this year introduced a similar resolution in the hope that they would be able to win the support of an equal or greater number of delegations. The Indians and Ceylonese told us (and it may well be true) that the African members of the African-Asian caucus were pressing for a much stronger resolution (and indeed Liberia threatened publicly in committee to introduce a resolution warning the Union of possible expulsion from the UN). However, our informants say the Asians persuaded the Africans that by sticking with the present relatively mild resolution, a sweeping majority vote could be obtained. When it came to be known that Australia and Belgium might switch from a negative vote to an abstention this year, the elated sponsors were anxious not to lose Canada's vote and the Indians went so far as to make formal representations in Ottawa to this effect. However, the Canadian position as set forth by the Minister was that the tone of the resolution was stiffer than in 1958 and not calculated to promote agreement between South Africa and the majority of members of the United Nations. Furthermore, in conversations with the Delegation, the Minister made it clear that he did not wish to support a resolution that might affect the attitude of South Africa toward the Commonwealth.

6. Concerning the specific wording of the resolution, the Delegation had reservations about preambular paragraph 4, which criticized the past policies of South Africa in particular, rather than (as last year) setting forth the ideal way in which harmony and respect for human rights might best be assured in any multiracial society. Similarly, there were misgivings about the ambiguous last operative paragraph which "appeals to all member states to use their best endeavours as appropriate to achieve the purposes of the present resolution." This was considered capable of being interpreted as sanctioning an intolerably wide interference in the domestic affairs of a sovereign country. The addition of the adjective "deep" before the words "regret and concern" in operative paragraph 3 were also thought questionable. On instructions the Delegation did not discuss possible revisions to the text with representatives of other countries since this might have implied a readiness on our part to compromise.

7. Our votes in Committee were as follows:

Preambular paragraph 1: Abstain
Preambular paragraph 2: Yes
Preambular paragraph 3: Abstain
Preambular paragraph 4: Abstain

Operative paragraph 1: Yes
Operative paragraph 2: Yes
Operative paragraph 3: Abstain
Operative paragraph 4: Abstain

The Resolution as a whole: Abstain

In plenary also we abstained on the resolution as a whole.

Procedure in Committee

. . .

9. The most telling points made against South Africa were: (1) the fact that it was the only country in the world that openly and formally made racial discrimination a part of government policy; and (2) the indications that the Union's discriminatory policies had been given even wider application during the past year as evidenced especially by the complete ban on non-white students in existing institutions of higher learning.

10. Canada did not speak at any point in the debate, although the Delegation had contemplated making a brief explanation in advance of the vote. The statement which had been prepared was designed to explain that we neither desired nor intended to vote against a resolution whose general aim was that very laudable one of promoting the observance of human rights, but that we were unable to vote affirmatively for something which, taken in its entirety, was unlikely to contribute to the end it sought. Canada therefore intended to abstain on the resolution as a whole and vote for those three parts which we considered constructive and general reaffirmations of the human rights mentioned in the Charter. In response to a last-minute Indian appeal we agreed not to commit ourselves before the vote in order to allow time for the matter to be considered once again by the Minister in Ottawa. After Ottawa had been consulted that evening and we finally registered our vote the next morning there seemed little point in re-opening this sensitive issue by explaining our vote, especially at a time when the Committee was clearly anxious to press on to the next item.

11. On the resolution as a whole the vote was 67 to 3 (France, Portugal, United Kingdom) with 7 abstentions (Australia, Belgium, Canada, Dominican Republic, Finland, Netherlands, Spain). The only changes as compared with last year's vote in committee was that Australia and Belgium shifted from a negative vote to an abstention, while Canada moved in the opposite direction from an affirmative vote to an abstention.

Action in Plenary

12. There were no substantive statements, explanations of vote or votes by paragraphs in plenary. The draft resolution as a whole was adopted by 63 votes to 3 (France, Portugal and the United Kingdom) with 7 abstentions (Belgium, Canada, Dominican Republic, Finland, Luxembourg, Netherlands and Italy).[30] The differences between committee and plenary were caused by the fact that the vote was called earlier than expected and Australia and Spain, who had intended to abstain, did not arrive in time to record their positions. Luxembourg, absent in committee, abstained in plenary. The Representative of Italy later informed the Secretariat that he wished to be recorded as having voted in favour of the draft resolution rather than as abstaining.

Action Required

13. No specific action is called for by the Department as a result of the decision taken by the General Assembly on this subject this year. In dealing with this item next year, however, one of the most important considerations may be the attitude of South Africa towards remaining in the Commonwealth. Our vote will probably depend on the Government's estimate of this situation as much as on the terms of the resolution itself.

Note: The Rapporteur's report on this item (Doc. No. A/4271) is printed as Annex I.†

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[30] Pour le texte de la Resolution 1375 (XIV), voir *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 59.

For the text of Resolution 1375 (XIV), see *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 59.

40. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], November 25, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean)
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

UNITED NATIONS RESOLUTIONS ON RACIAL DISCRIMINATION
IN THE UNION OF SOUTH AFRICA

12. *The Prime Minister* expressed concern about the action of the Canadian delegation to the United Nations in abstaining from voting on the recent resolution condemning the apartheid policy of the Union of South Africa. By abstaining from voting this year, after having voted for a similar resolution in 1958, the delegation had laid itself open to the possible charge of inconsistency. Furthermore, the Cabinet should be consulted on such matters and should have an opportunity to discuss in advance the course to be taken by the Canadian delegation.

A second resolution on a related subject was soon to be voted upon at the United Nations, and this should be discussed by the Cabinet within the next few days.

13. *The Secretary of State for External Affairs* said that, in 1958, the Canadian delegation had participated in the framing of the resolution on apartheid, and had therefore been under a special obligation to support it. The 1959 resolution was more far-reaching, and could be construed as involving possible sanctions against South Africa. He had scrupulously consulted the Cabinet on policy questions, but in some instances a vote was taken with little advance notice. He believed the Cabinet had had an opportunity to consider the policy to be followed on the apartheid issue when the instructions to Canada's delegation were reviewed and approved.

Fundamentally the delegation had abstained from voting on the resolution in order to assist in Commonwealth relations. The Union of South Africa might be expected before long to seek the status of a republic or even to withdraw from the Commonwealth, particularly if its policies were condemned by other members of the Commonwealth. Canada could have more influence in promoting racial tolerance by a friendly than by a hostile attitude. The Acting High Commissioner for South Africa had indicated that many persons in South Africa opposed the apartheid policy, and that he believed that tolerance would finally prevail.

The U.N. representatives of the Union of South Africa had privately expressed their gratitude for Canada's abstention, and the Ghana representatives had said that they fully understood Canada's position.

The second resolution related to the treatment of Indians in South Africa. It had been mischievously initiated by the Indian representatives. Mr. Green urged that Canada should abstain from voting in this case. He had stated at the United Nations that Canada would abstain, and a change of position would be weak and inconsistent.

14. *The Cabinet* agreed that further consideration be given at an early meeting to the attitude to be taken by the Canadian delegation to the United Nations on a draft resolution on the treatment of Indians in South Africa.

R.B. BRYCE
Secretary to the Cabinet

41. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], December 1, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean)
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

UNITED NATIONS RESOLUTION ON TREATMENT OF INDIANS IN SOUTH AFRICA
(PREVIOUS REFERENCE NOV. 25)

26. *The Secretary of State for External Affairs* reported how Canada had voted at past meetings of the United Nations when resolutions concerning the treatment of Indians in the Union of South Africa had been introduced. He noted that the draft of the present resolution differed from that of the preceding year in that the operative clauses did not contain an express declaration that negotiations between the government of India and Pakistan, on the one hand, and the Union of South Africa, on the other, would not prejudice their own position or the position taken by the government of South Africa regarding their respective juridical stands in the disputes. He recommended that Canada abstain on this resolution and said that Canada would make no statement when the resolution was introduced.

27. *During the brief discussion* there was general agreement that, in view of the fact that Canada had abstained on the Apartheid resolution recently, and in order to follow a consistent course in its relations with various parts of the Commonwealth, Canada should abstain.

28. *The Cabinet* agreed with the recommendation of the Secretary of State for External Affairs that the Canadian delegation to the United Nations General Assembly abstain from voting on the U.N. resolution on treatment of Indians in South Africa.

. . .

42. DEA/6-1959/2

Extrait du rapport final de la quatorzième session de l'Assemblée générale

Extract from Final Report on the Fourteenth Session of the General Assembly

AGENDA ITEM 60

CONFIDENTIAL [Ottawa, n.d.]

TREATMENT OF PEOPLE OF INDIAN ORIGIN
IN THE UNION OF SOUTH AFRICA

. . .

Canadian Position

6. As in the case of the question of race conflict in South Africa, Canada has shared the majority opinion that the Assembly had the right to discuss this subject and to invite the interested parties to negotiate, but not to pass resolutions calling for other action. A further Canadian view, held also by some other delegations, has been that resolutions calling for reports at subsequent sessions of the Assembly were objectionable in that they implied automatic re-inscription.

7. While recognizing the magnitude and complexity of the racial problems faced by the Union Government, Canada has never hidden its disagreement with the South African Government's approach to them. We have been prepared to tell South African Representatives privately (though the opportunity did not arise at the fourteenth session) that, while we would oppose any condemnatory resolutions or ones which would constitute interference in a domestic issue,

our task would be easier if the Union would show some readiness to take cognizance of the views of the majority of the U.N.

. . .

9. During the thirteenth session, Canada and some other moderate delegations were able to support a resolution on this subject for the first time because the sponsors modified the text considerably to make it less recriminatory and to avoid the appearance of automatic re-inscription. As a result of the moderate tone of the Resolution, there were only 10 abstentions as compared with 15 in 1957. With this background in mind, the Canadian Delegation to the fourteenth session was wary lest the sponsors be tempted by their success to bring forward a more strongly worded resolution. However, we were under instructions from Ottawa not to discuss the text with them lest they be given the impression we were prepared to compromise.

10. At the fourteenth session Canada was prepared to abstain again on inscription of the item, as we had in 1957, but it was done without a vote. The 10-power draft resolution was referred to Ottawa, where Cabinet decided that Canada should vote for the preamble and operative paras 1, 5 and 6, and should abstain on operative paras 2, 3 and 4 and on the resolution as a whole[31] (for this purpose Canada asked for separate votes by paragraph in Committee). No explanation was given to the Delegation but it was assumed that the resolution was considered stiffer than in 1958 and not calculated to promote agreement between South Africa and the majority of members of the United Nations. It was also assumed that, as on the apartheid resolution, the Canadian vote was affected by the present attitude of South Africa toward its membership in the Commonwealth. On instructions, the Canadian Delegation did not speak in the debate.

Procedure in Committee

11. Before the item came up for debate, the Indian Delegation handed us a draft resolution with an urgent request for our support. Undoubtedly worried by the fact that we had switched from an affirmative vote to an abstention earlier in the session on the Apartheid item, the Indians pressed us to suggest any amendments that would make the resolution more satisfactory to us. The draft was very similar (paragraphs 1 and 6 were identical) to the resolution adopted at its thirteenth session but was sterner in places: especially in paragraph 2 the substitution of "deeply regrets" for "regrets" and the addition of the word "even" in the phrase "has not even replied;" the addition of the new paragraph 3; and in paragraph 4 the addition of the words "once again" and the omission of the words "without prejudice to the position taken by the Union of South Africa regarding its juridical stand on the issue" at the end of the paragraph.

. . .

17. At the conclusion of the debate we asked for a vote by paragraphs (the results are listed in paragraph 7 of the Rapporteur's report A/4345). There was no roll call. As instructed, we abstained on operative paragraphs 2, 3 and 4 and supported the remaining paragraphs. Fifty-eight members supported the resolution as a whole, as usual no one opposed it, and we were joined in abstention by the nine countries who abstained in committee last year (Australia, Belgium, China, Finland, France, Netherlands, Portugal, Spain and United Kingdom).

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[31] Voir le document précédent./See the preceding document.

18. After the vote the South African Permanent Representative spoke to us and expressed his thanks for our vote, saying he knew how difficult a decision this must have been for us. An Indian advisor politely expressed his regret at our inability to support the resolution.

Action in Plenary

19. On December 10, this item went through plenary without debate. The vote by roll call was 66-0-12, namely Canada, China, Dominican Republic, Finland, France, Netherlands, Portugal, Spain, United Kingdom, Australia, Belgium and Luxembourg (the latter having been absent in committee).[32] The Indian Representative expressed appreciation of the "nearly unanimous" support of the Assembly and civilly regretted the absence of South Africa.

Action Required

20. No specific action is required as a result of the Assembly's action unless Canada wishes to keep in mind the invitation in operative paragraph 9 and the appeal of the Indian Representative to use our good offices in such a manner as may be appropriate to bring about negotiations between the Union of South Africa on the one hand and India and Pakistan on the other without prejudice to their respective juridical stands in the dispute.

21. The Pakistanis informed us privately that they have told the Indians that they see little point in continuing to bring forward this matter as a separate item in the future and they have suggested that it either be merged with the apartheid item or even dropped altogether. The Indians have not yet decided on their course of action next year but the Pakistanis think that the Indians will be reluctant to omit the item entirely. It might be useful to ascertain Indian and Pakistani thinking on this point before the next session.

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[32] Pour le texte de la Resolution 1460 (XIV), voir *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 61.
For the text of the Resolution 1460 (XIV), see *Yearbook of the United Nations 1959* (New York: United Nations, 1960), p. 61.

SUBDIVISION IX/SUB-SECTION IX

ANNÉE MONDIALE DES RÉFUGIÉS ET NOYAU RÉSIDUEL DE RÉFUGIÉS
WORLD REFUGEE YEAR AND HARD-CORE REFUGEES

43. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

DOCUMENT NO. 273-59 [Ottawa], September 10, 1959

CONFIDENTIAL

SPECIAL CANADIAN CONTRIBUTION
TO THE WORLD REFUGEE YEAR

The World Refugee Year is a project under United Nations auspices which assigns the highest priority to final clearance of the refugee camps which have existed in some Western European countries since the end of the Second World War. The population of these camps has now largely been reduced to "hard core cases," that is, people who are inadmissible to countries of immigration because they do not meet normal standards. The closing of these camps is to be brought near completion through a special international programme lasting one year under which governments and private individuals are being asked to make contributions over and above their normal contributions to various international refugee projects. These special contributions are generally in the form of funds or the admission by countries of immigration of a number of "hard core cases" for permanent settlement.

Canadian support for World Refugee Year was announced by the Prime Minister on June 28 and by the Secretary of State for External Affairs in the House of Commons on June 22 and July 9. So far no decision has been taken on the exact scope of the special Canadian contribution, although the basis for interdepartmental discussion has been a scheme under which perhaps 100 tuberculous refugees with their dependents would be admitted to Canada. The tuberculous cases would be treated in provincial sanatoria, many of which have ample empty bed-space, and the provincial governments have been asked to indicate whether they would be prepared to bear part of the cost of the scheme. If the Federal Government were to subsidize the total cost of treatment, it is estimated that a maximum amount of $750,000 for the first year would be required. This would include cost of hospitalization, maintenance of any dependants, and transportation to and within Canada. It is expected that the annual cost of the plan will be substantially reduced after the initial year. Indications of interest or support have been received from six provincial governments so far. This evidence suggests that the Federal Government may have to bear only a fraction of the hospitalization costs. In addition, it is possible that the privately sponsored Canadian Committee for World Refugee Year may contribute to this project if their national appeal for funds is successful. It should be borne in mind, however, that whatever fraction of the $750,000 the Canadian Government may be called upon to pay, this special contribution would be in addition to regular normal contributions to the United Nations High Commissioner for Refugees, the Intergovernmental Committee for European Migration, and the United Nations Relief and Works Agency for Palestine Refugees, which in recent years have totalled between $750,000 and $1,000,000.

A decision in principle on the general scope of the special Canadian contribution is now sought because other countries have either announced their special contributions or will be likely to announce them at the session of the United Nations General Assembly which begins next week. A scheme for admitting 100 tuberculous refugees would be an appropriate undertaking for Canada, since it would be proportionate to what other countries are doing. Other national contributions announced so far include: New Zealand has accepted 42 refugees who are described as difficult to re-settle cases, Australia has agreed to take 50 "hard-core" families which could total up to 150 persons, the United Kingdom has made a commitment to accept 200 normally unacceptable refugees, of whom 50 may be tuberculous cases. Belgium has undertaken final responsibility for the resettlement of 3000 refugees (about 12 per cent of the total remaining in European camps) either in Belgium or in the country of first asylum or elsewhere, depending on available opportunities and the refugees' own preference. Sweden, which has already accepted some 600 tuberculous, blind or mentally ill cases, has announced a plan to admit about 200 refugees who would be primarily disabled or diseased persons along with the members of their immediate families. Many of these governments have also announced substantial special grants in cash to the World Refugee Year international programme, in addition to their domestic programmes for the rehabilitation of refugees.

Recommendation

That the Secretary of State for External Affairs be authorized to announce in the opening debate at the forthcoming session of the United Nations General Assembly that Canada's special contribution to the World Refugee Year will be the admission of about 100 tuberculous refugees along with their dependants, the tuberculous patients to be treated at the public expense; the details of the plan to be worked out by the Secretary of State for External Affairs in consultation with the Ministers of Citizenship and Immigration, National Health and Welfare, and Finance and with the provincial governments, on the understanding that the provincial governments and the Canadian Committee for World Refugee Year be encouraged to contribute as much of the total cost as possible, and that the total cost of the scheme to the Federal Government during the first year shall not in any event exceed $600,000.[33]

H.C. GREEN

44. DEA/5475-EA-8-40

Extrait d'une note de la Direction des Nations Unies pour le sous-secrétaire d'État aux Affaires extérieures

Extract from Memorandum from United Nations Division to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], November 24, 1959

VISIT OF THE HIGH COMMISSIONER FOR REFUGEES TO OTTAWA

On November 17 Dr. A.R. Lindt, United Nations High Commissioner for Refugees, made a one day visit to Ottawa during the course of which he had discussions with officials of this Department and with the Departments of Finance and Citizenship and Immigration. We have set out in this memorandum, for your information, a summary of the results (so far as we now know them) of Dr. Lindt's visit.

. . .

[33] Approuvé par le Cabinet le 11 septembre 1959./Approved by Cabinet on September 11, 1959.

7. After leaving the large conference room, Dr. Lindt went straight to a luncheon of the Canadian Club at the Chateau Laurier. In his address to the Canadian Club (which appeared to be very well received by the members present), Dr. Lindt had some kind words for the Canadian Government. While he stressed that the serious problems which his office faced were by no means overcome by present offers of assistance received from various governments, he did stress his gratitude to the Canadian Government for its special project for the admission of tuberculous refugees. He stressed the renewed hope which this gave to "hard-core" refugees in European camps and he mentioned that the Canadian programme would probably encourage other governments to consider undertaking similar projects. (In his remarks to officers of this Department, Dr. Lindt stated specifically that the Australian Government was now actively considering the admission of refugees suffering from tuberculosis and that they had been moved to do so by reports of the Canadian programme.)

. . .

9. Dr. Lindt's final official conversation was with the Minister of Citizenship and Immigration. The Deputy Minister, Colonel Fortier, was also present. This meeting lasted close to two hours and afterwards Colonel Fortier had a further discussion with Dr. Lindt for more than half an hour. We attach a report which Colonel Fortier has prepared on these conversations. (The passage of greatest interest to this Department is the section on pages 1 and 2 on the special tuberculous refugee project.) In addition it may be of interest to report several impressions of the discussion which were passed to us by Peter Casson, Dr. Lindt's special representative in Canada, who also attended the meeting. Mr. Casson stated that both he and Dr. Lindt were surprised by the frequency with which Mrs. Fairclough stated that matters which appeared on the surface to be immigration problems would have to be decided by External Affairs. (We assume these were questions relating to the special tuberculous refugee project. When Dr. Lindt raised with our officers the same questions concerning this project which he had raised with the Minister in New York, we informed him that we were considering his requests but that we would have to clear any decision with the immigration authorities.)

10. Mr. Casson stated that on several occasions Mrs. Fairclough appeared prepared to give favourable consideration to requests made by Dr. Lindt, but that on each occasion Colonel Fortier intervened and advised extreme caution before making any commitments. After the meeting with Mrs. Fairclough, Colonel Fortier took Dr. Lindt and Mr. Casson to his own office and, according to Mr. Casson, proceeded to retrace the ground covered in the conversation with Mrs. Fairclough and to emphasize, in connection with each point, that Dr. Lindt could expect very little in the way of concessions from the immigration authorities. Mr. Casson quoted Colonel Fortier as saying, "Let me tell you, Dr. Lindt, that we are looking forward to the end of this World Refugee Year. We have only one date in mind and that is the end of June 1960." Mr. Casson stated that Dr. Lindt was rather shocked by this revelation of Colonel Fortier's attitude.

11. It may also be worth mentioning that Mr. Casson found Mrs. Fairclough to be quite friendly despite the recent difficulties concerning the statements Casson made to the press in Montreal. Mr. Casson apparently expected Mrs. Fairclough to be rather cool toward him, but she discussed without any evident reserve his activities on behalf of the Canadian Committee for World Refugee Year and offered her assistance in his efforts to establish a local committee for World Refugee Year in Hamilton.

12. You may be interested to know that Mr. Casson addressed an organizational meeting of the Ottawa Committee for World Refugee Year on the evening of November 17 at which it was decided that the Ottawa Committee would raise $30,000 to clear a small refugee camp (Camp Wegscheid in Austria) and it was tentatively suggested that the overall Ottawa objective could be $50,000. Mr. Casson spoke for close to an hour and clearly made a strong impression on his audience. In his remarks he said nothing which could be considered objectionable to the Government and in fact made several complimentary references to the support for World Refugee Year given by the Government (although on the other hand he made no attempt to be kinder to the Canadian Government than he was to the governments of Norway, Belgium, the United Kingdom and several other countries.)

13. Mr. Casson remarked to an officer of this Division at the end of the meeting that he felt certain that private Canadian contributions would be responsible for the closing down of a dozen or more European refugee camps at a cost of about $1 million. He also expected additional contributions of close to $1 million which would be used for other aspects of the refugee problem, such as the provision of technical training and medical services for Palestine refugees and Chinese refugees in Hong Kong.

J.A. McCORDICK

45. DEA/5475-EA-8-40

La ministre de la Citoyenneté et de l'Immigration
au secrétaire d'État aux Affaires extérieures

Minister of Citizenship and Immigration
to Secretary of State for External Affairs

Ottawa, December 10, 1959

My dear Colleague,

Enclosed is a copy of a memorandum which I have received from my Deputy Minister reporting on the progress to date with reference to the reception of TB refugee families, which is self-explanatory.

Yours sincerely,

ELLEN L. FAIRCLOUGH

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-ministre de la Citoyenneté et de l'Immigration pour la ministre de la Citoyenneté et de l'Immigration

Memorandum from Deputy Minister of Citizenship and Immigration to Minister of Citizenship and Immigration

Ottawa, December 9, 1959

TB REFUGEE FAMILIES

The first flight will arrive at Malton, on December 16th. On board there will be 19 families making a total of 70 persons, of whom 19 are TB.

Two other flights are scheduled for this month and are due to arrive in Canada, on December 24 and December 30.

We have concluded agreement for the care of these TB refugees with Ontario, Quebec, Nova Scotia and New Brunswick. Ontario has indicated that they would take between 30 and 40 TB cases, Quebec 15, Nova Scotia 5, New Brunswick 15, making a total of 65 or 75, depending if we take the largest number indicated by Ontario.

Ontario, Nova Scotia and Quebec have agreed to pay the cost of hospitalization for the TB patients they are willing to accept, and the Federal Government would be responsible for the cost of transportation, welfare, subsistence, etc.

Dr. Arthur Leclerc, Minister of Health for the province of Quebec, in a telephone conversation with me, has requested that no publicity be given to the agreement reached between Quebec and this Department.

In the case of New Brunswick, the cost of hospitalization will be shared 50-50 and the Federal Government, in addition, will be responsible for the cost of transportation, welfare, subsistence, etc.

In the case of Manitoba, I have just received a telegram from the Deputy Minister of Health advising as follows: "Manitoba will accept six TB refugee families on arrangements similar to Ontario, letter follows."

In the case of Saskatchewan, I have been advised confidentially this morning, that the provincial Cabinet has under consideration the acceptance of ten TB cases on conditions similar to Ontario.

In the case of Alberta, you will recall that we met with the Hon. J.D. Ross, Minister of Public Health, on November 18th, and that he had said that his province would be willing to accept 20 TB cases, but that the whole cost should be paid by the Federal Government. At the time, he was told of the agreement concluded with Ontario and Nova Scotia, and it was suggested to him that the Provincial government might wish to reconsider its offer. Since then, we have not heard from Dr. Ross or any other officials of the province of Alberta.

As far as I am aware, no reply has been received to the Prime Minister's letter from British Columbia, Newfoundland and Prince Edward Island.

LAVAL FORTIER

SECTION B

DROIT DE LA MER
LAW OF THE SEA

46. DEA/9456-RW-4-40

Note du chef du Comité du Cabinet sur les eaux territoriales pour le premier ministre

Memorandum from Chairman, Cabinet Committee on Territorial Waters, to Prime Minister

SECRET [Ottawa], March 4, 1959

LAW OF THE SEA

I thought you might like to have a very brief report of developments on this subject.

2. A short while ago the United Kingdom sent a team of experts to Ottawa to discuss with Canadian officials the prospects for agreement being reached at the 1960 Conference on the Law of the Sea. The United Kingdom team requested Canadian Ministers to consider a suggestion designed to increase the saleability of the United States formula at the Geneva Conference, which, as you will recall, provided for recognition of "traditional fishery rights" in the outer 6 miles of the contiguous zone. The United Kingdom idea was that, these rights, instead of being unlimited as to amount — as was the case in the United States formula, could be subject to a quota or ceiling, based on an average annual catch over 5 years. The United Kingdom view was that if Canada were to campaign for this proposal, it might be able to succeed at the next Conference. (They were ready to admit that the United States formula at Geneva had little or no chance of winning at the 1960 Conference.)

3. The Cabinet Committee on Territorial Waters examined this proposal yesterday, in the light of various developments since the Geneva Conference — such as the United Kingdom-Iceland dispute, the unsatisfactory General Assembly debate and the number of states which have taken unilateral action — all of which seem to have led to a general hardening of the situation and a possible weakening of the general disposition to reach agreement. In the circumstances, my colleagues and I have come to the conclusion that the circumstances would not warrant our recommending to Cabinet that any change be made in the Canadian position.

4. I have asked Mr. Drew in London to inform the United Kingdom authorities of our decision.

SIDNEY SMITH

47. DEA/9456-RW-4-40

Le haut-commissaire au Royaume-Uni
au sous-secrétaire d'État adjoint aux Affaires extérieures

High Commissioner in United Kingdom
to Assistant Under-Secretary of State for External Affairs

SECRET London, March 13, 1959

My dear Marcel [Cadieux]:

I am sending this letter to you directly in view of the fact that you are still handling the details of the various discussions connected with the Law of the Sea.

I enclose herewith a copy of the Aide Mémoire which I left with Mr. Hare when I saw him the day before yesterday. I might explain that this was the first appointment I could make with him as he had been away from London.

You will see that I have transposed the points made in the telegram requesting me to present the decisions of the Cabinet Committee to the Government here. I did so because I find that the Ministers like to follow an Aide Mémoire of that kind and I was anxious to put forward the definite arguments as to why Canada could not accept the proposals which had been put forward. I find that if one gets into a speculative discussion as to impressions regarding the psychological situation and the attitude of other countries, there is a great likelihood of getting into an argument as to the correct interpretation of the situation and delaying the possibility of presenting in a definite form the decision which has actually been made. I hope that the order in which they have been placed and the form is satisfactory.

I did emphasize my own belief that the thing which would now be most helpful would be for the United Kingdom Government to decide that the best way to establish a six-mile territorial sea and a twelve-mile overall fishing zone, is to adopt the Canadian proposal. I pointed out that at Geneva and since then, we have emphasized our belief that there are arrangements which can be made which would be far more satisfactory than any general arrangement which could under no circumstances deal with every situation. I pointed out their own success in the negotiations with Russia in 1956 and with Denmark over the Faroese Islands this year. When the question was raised about Iceland, I pointed out that Iceland had supported our proposal at Geneva and that if that had been adopted then the ground would have been laid for negotiations for an agreement similar to the agreement which they now have regarding fishing around the Faroe Islands.

I have already wired to you in regard to the statement made by the Minister as to the percentage of fishing within our twelve-mile limit which is done by foreign fishermen[34] and am awaiting the reply. I am anxious to have this figure exactly from our most recent records because Mr. Hare did attach a good deal of importance to this in maintaining that it does not

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[34] Dans une conversation antérieure avec Drew, Hare avait exprimé sa conviction que les pêcheurs étrangers prenaient seulement un pour cent des captures annuelles totales à moins de douze milles de la côte canadienne. En fait, ce chiffre concernait seulement les captures de morue. Voir télégramme 756, Londres à Ottawa, 11 mars 1959† et télégramme L-49, Ottawa à Londres, 16 mars 1959,† MAE/9456-RW-4-40.
In an earlier conversation with Drew, Hare had stated his belief that foreign fishermen took only one per cent of the total annual catch within twelve miles of the Canadian coastline. The figure in fact referred only to the catch of cod. See London to Ottawa Telegram 756, March 11, 1959,† and Ottawa to London Telegram L-49, March 16, 1959,† DEA/9456-RW-4-40.

make so much practical difference to us what formula is adopted. I pointed out that it could not be reduced to as simple terms as he suggested, but nevertheless I would like to be able to correct the impression he has gained if, as I believe, the figures are entirely different to those which he has used.

Without commenting in detail on it at the moment, I might say that I have read with disappointment the report by the Staff Officers of the Department of National Defence. It does not yet attempt to deal in explicit terms with a perfectly clear situation.

Warmest personal regards.

Yours ever,

GEORGE DREW

[PIÈCE JOINTE/ENCLOSURE]

Aide-Mémoire

SECRET London, March 11, 1959

LAW OF THE SEA

Canadian Ministers dealing with this subject have examined the proposals put forward in Ottawa on February 4th and 5th, 1959, by officials of the United Kingdom Government for a new formula to provide for the measurement of the territorial sea and the width and conditions affecting a wider fishing zone, which will be discussed at the Conference at Geneva which is to deal with these subjects.

They express their regret that they are unable to support the proposals put forward by the United Kingdom officials for a revised formula dealing with fishing rights, for the following reasons in particular:

(a) Such a formula might give rise to more disputes than it would solve. It would be extremely difficult, if not virtually impossible, to determine whether the quota obligations were or were not being violated. A system of compulsory arbitration, such as was suggested, would be cumbersome and could not possibly protect the line fishermen of the coastal States in view of their difficulty in proving a breach of the obligations of visiting trawlers to limit their catch. In any event, it would be quite impossible for individual trawlers to know at any time the extent of the total catch of all trawlers which would be the determining factor.

(b) It is thought unwise and unsatisfactory to attempt to write into the rule of law itself provisions which are designed to meet special situations which can be more suitably dealt with in bilateral agreements such as those negotiated by the United Kingdom Government to deal with fishing around the Faroese Islands and the northern coast of Russia.

(c) Economic, sociological and local considerations affect our fishing population just as heavily as similar considerations affect the fishermen of the United Kingdom.

(d) The recent spate of unilateral claims to a 12-mile limit, in most cases adopted for the declared purpose of protecting domestic fishing rights, suggests that the new proposals put forward by the United Kingdom officials would not deal with the situation which has developed.

(e) The background of the situation under consideration has changed considerably since the last Conference and has deteriorated psychologically, as was revealed in the unsatisfactory General Assembly debates on the convening of a new Conference.

(f) It seems unlikely that those States already possessing territorial limits of 12 miles or beyond will be prepared to depart from those limits — a fact which, at the next Conference, will probably add encouragement to other advocates of extreme solutions and help to create something in the nature of a veto power.

(g) The Icelandic dispute has had an adverse effect on the solution of the problems related to the territorial sea and fishing zones. It seems probable that unless the Iceland Government is prepared to renounce its 12-mile territorial sea, they would not be prepared to accept the new proposal now suggested by the United Kingdom, whereas they have already declared their support for the Canadian proposal put forward at Geneva last year.

It is therefore the opinion of the Canadian Ministers that under all the circumstances, no formula less favourable to the coastal fishing States would be likely to gain acceptance of a sufficient majority at the next Conference. Having regard to the evidence the United Kingdom Government has already furnished of the practical possibilities of bilateral arrangements to deal with particular problems, the Canadian Ministers believe that the greatest hope of obtaining legal status for a 6-mile territorial sea and a 12-mile fishing zone is to support the Canadian proposal.

48. DEA/9456-RW-4-40

Note

Memorandum

SECRET Ottawa, April, 17, 1959

PERSONAL MESSAGE FROM THE RT. HON. HAROLD MACMILLAN,
PRIME MINISTER OF THE UNITED KINGDOM,
TO THE
RT. HON. JOHN G. DIEFENBAKER, PRIME MINISTER OF CANADA

At our recent meeting in Ottawa we touched on the problem of the Law of the Sea. I expressed the hope that your Government and mine might agree on a common line before the next Geneva Conference and I suggested that I might send a Minister from here to discus the whole matter with your Government. Garner has now been instructed to deliver our detailed reply to your Aide-Mémoire of the 11th of March and I am taking this opportunity to suggest that an appropriate time for a visit from one of my colleagues would be as soon as your Government have studied our reply.

We hope and believe that the arguments it contains are cogent enough to enable you in due course to give active support to the solution we favour. But they are by no means the whole story: we should wish to discuss with you also the strategic implications of the various alternatives, which are of such great and obvious importance throughout the Commonwealth.

If you are not at present able to give us active support I still trust that, without prejudice to your ultimate decision, you will be sufficiently impressed by the merits of "6 + 6 subject to *limited* historic rights" to study it with interest and so to inform any enquiries while, in order not to lose valuable time we seek the views of other countries about it. We should, I assure you, bring back a fair and frank account of their reactions for discussion with you as soon as possible. I feel that it is most important that those of us who agree on the need to limit the territorial sea to 6 miles should not approach the next Conference divided on the fishery question.

[PIÈCE JOINTE/ENCLOSURE]

Aide-Mémoire

SECRET Ottawa, April 17, 1959

LAW OF THE SEA

Having studied the Aide Mémoire of March 11th containing the Canadian Government's objections to the United Kingdom proposals of February 4th-5th, the United Kingdom Government welcome the opportunity both to answer those objections and to make further explanations.

2. They would like first to state their views on points (d) to (g) of the Canadian Aide Mémoire, namely the prospects at the Second Geneva Conference, and to emphasise very strongly their fear that the acceptance of an unqualified 12-mile fishery jurisdiction coupled with the existing 12-mile jurisdiction, for customs, fiscal, immigration and sanitary purposes, would create an irresistible movement towards a 12-mile territorial sea. The risk of merging territorial waters and fishery limits would be materially reduced, however, if there were some recognition of historic fishing rights within the 12 miles, as in the United Kingdom proposal. Regarding the prospects for 1960, the United Kingdom Government do not feel there has been such a serious deterioration in the world situation over the past year as the Aide Mémoire suggests. There was after all a very decisive majority in the General Assembly for a renewed attempt at a settlement of the territorial waters and fishery limits question through the medium of a second specialist Conference instead of leaving the matter to the General Assembly itself; and this surely indicates a readiness to seek a solution that has regard to considerations of merit rather than politics. While a few further unilateral claims to a 12-mile limit have recently been made, they hardly amount to a spate of claims; and there is evidence that some States would be ready to reconsider their territorial limits if a sufficient measure of world agreement on a more restricted jurisdiction were obtained. Admittedly there are States, above all those of the Soviet Bloc and many of the Arab countries, which cannot be expected to recede in any circumstances from their support of the 12-mile limit. They cannot be won over for the Canadian solution in its territorial water aspect. Equally, there are many European States which cannot afford to support the Canadian solution in its fishery aspect. Nor can it be supposed that Iceland will find the 12-mile fishery limit acceptable without *additional* provision for her special circumstances. (The Icelandic aim is exclusive jurisdiction over the fisheries of the continental shelf and the Canadian and the United Kingdom solutions alike fall a long way short of that extreme aim). Yet as explained in paragraph 4 below, the fishing States of Europe could hardly be expected to show practical sympathy for Icelandic claims outside 12 miles if the whole of their fishing within 12 miles were to be lost. In these circumstances the United Kingdom Government fail to see how the Canadian solution could assemble the two-thirds majority required.

3. Turning to point (b) in the Canadian Aide Mémoire and to the contentious question of fishing, the United Kingdom Government would indeed propose to distinguish the general formula concerning fishing rights, which would be the basic rule of law, from provisions that might be made to deal with special situations. At the First Geneva Conference, special situations were understood to embrace on the one hand the very few countries whose economies are overwhelmingly dependent upon the coastal fisheries and on the other hand the more numerous and under-developed countries with coastal communities dependent primarily on the coastal fisheries for the protein of their diet; and there was almost unanimous support for

dealing with them in a broad way by granting preference for the "special situation" country which would be related to the fishery as a whole and not merely to a certain breadth of coastal water. The United Kingdom Government have already explored such preferential treatment without regard to a uniform limit of fishery jurisdiction with Iceland in 1958 and have negotiated in respect of the Faroes an agreement which contains similar elements.

4. Yet the adoption of an unqualified 12-mile fishery limit as the general rule of law would wreck this Faroes Agreement and destroy the hope of any like arrangement with Iceland. Just as the "special situations" countries would feel constrained to adopt the 12-mile limit, so the fishing States affected thereby would be bound to feel that that must be the limit of their losses. (The Anglo-Soviet Fisheries Agreement would also be lost since that Agreement while not dealing with a "special situation," is a compromise between the 3-mile and the 12-mile fishery positions and may indeed be said to contain in embryo the historic rights concept).

5. If the rule of law established a 12-mile fishery limit with no rights reserved for any fishing States within that limit and none given to any coastal States outside the 12 miles, the United Kingdom Government think this would suit no one. The unqualified 12-mile fishery limit would extensively damage the economic activities of many fishing States without resolving the real problem of the fisheries. This is the overall intensity of the fishing effort both within and without the arbitrary 12-mile line, and it exists especially in such areas as the North Atlantic where the intensity of fishing is rapidly growing, not least on the western side. The United Kingdom Government cannot but feel that an unqualified 12-mile fishery limit will quite fail to meet the real problem of the coastal fishing communities whether of Canada or of any of the other North Atlantic countries. Movements of the stocks of fish are independent of fishery limits, and increased fishing effort on a stock outside 12 miles will affect the state of the stock within that limit.

6. If the many fishing States are to be persuaded to co-operate in tackling the real problem, their present interests need to be reasonably safeguarded at the same time as the coastal fishermen are given reasonable security in their local waters. The United Kingdom proposals aim to secure these balanced objectives. The coastal fishermen would have to themselves a 6-mile belt which would itself give them a wider exclusive area than at present. They would have to themselves a second 6-mile belt subject only to the continuance at recent levels of foreign fishing within that outer belt. There would be a greater prospect of the adoption of sensible policies for the avoidance of overfishing outside 12 miles; and the "special situations" countries would have the prospect of some measure of preferential treatment where that was justified.

7. With reference to point (c) in the Canadian memorandum, if the United Kingdom proposals were adopted it is believed that the economic and other effects upon Canadian fishermen could not be at all serious; for it is understood that only a very small part of the present catch within the 12-mile belt is taken by foreign fishermen, and they would not be allowed to increase the amount of fishing they carried on there. The fishery loss to the United Kingdom under its own proposals would be substantial. The fishing between 3 and 6 miles would be entirely lost and the limitation to recent levels between 6 and 12 miles would be very detrimental to the operational flexibility of the United Kingdom fleets. However, these losses should stop just short — as they would not under the Canadian proposal — of being insupportable by the fishing fleets or of disastrously reducing the supply of an important foodstuff which counts in economic terms as home-produced.

8. As regards the feasibility of limiting the exercise of historic rights to recent fishing levels, the Canadian memorandum (in point (a)) indicates some misunderstanding of the United Kingdom position. There are certainly ways and means to be worked out, but with a measurable criterion such as "fishing effort" the problems of administration and control should be soluble by means of inter-Governmental agreements based on the general rule of law embodying this criterion. Defeat cannot be admitted on this score: otherwise how would it be possible to apply the limitation of the amount of fishing effort on the high seas outside 12 miles which the growing intensity of fishing is bringing nearer? That problem has to be mastered sooner or later if the welfare of the fishermen is to be ensured; and tackling the problem now inside 12 miles is likely to be of future help.

9. What is above all required at the Second Geneva Conference is the unity of the free world on a solution which would safeguard the 6-mile territorial sea and which all its members could support as representing a reasonable balance between divergent fishing interests, at the same time as it opens the way both to the recognition of special fishery situations and to a co-operative attitude when the larger problem of the amount of fishing on the high seas outside 12 miles has to be faced. The United Kingdom Government believe that their new proposal can form the basis of such a solution; whereas the Canadian solution will continue to be unacceptable to those States for whom it involves heavy loss and without whose support it failed at the First Geneva Conference. The United Kingdom proposal is an advance from the United States proposal, which most nearly approached a two-thirds majority at the 1958 Geneva Conference, and is strongly believed to be the best means of success in 1960 if Canadian support is given. In order to avoid open division among supporters of the 6-mile territorial sea, the United Kingdom Government would ask the Canadian Government to reconsider their position in the light of the foregoing arguments.

49. DEA/9456-RW-4-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM L-87 Ottawa, May 5, 1959

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Repeat Washington, DND (JAG) (DNPO) (Information).
By Bag Oslo from London.

LAW OF THE SEA

Following for Drew: Pursuant to our discussions held on May 2 and May 4 concerning the UK request for a Minister to visit Ottawa, I would be grateful if, at your very earliest convenience you approach Prime Minister Macmillan in order to inform him of our general thinking with regard to the matters raised in his personal message and aide-mémoire of April 17, 1959.

2. In your discussions with Mr. Macmillan you might wish to emphasize that while the Canadian Government would naturally welcome the visit of a UK Minister in order to discuss the Law of the Sea, it is a matter of regret to us that we are unable to see what particular

purpose the suggested visit would serve at this time, having regard to the fact that quite recently a team of UK experts visited Ottawa in order to present the UK views which were carefully considered by the Canadian Government and communicated to the UK Government in an aide-mémoire of March 11, 1959. Moreover, since that time no repeat no new elements affecting the situation would seem to have arisen.

3. You might then wish to emphasize the fact that both Canada and the UK are in basic agreement as to the great importance on reaching a common line on the questions on territorial-sea and fishery limits, if the next conference is to avoid the same fate as the first on these two questions. You might also wish to explain that the Canadian Government has been giving this problem a great deal of thought and that this is the principal reason for the delay in replying to Mr. Macmillan's message of April 17, 1959.

4. You could outline that what we had in mind was whether the UK could possibly envisage the holding of discussions in London at an early date between representatives of our two countries and Norway as well — if that would be agreeable to the UK; the purpose of such a meeting would be to explore together whether some way could not repeat not be found to resolve the difficulties which have developed in the Icelandic fisheries dispute. As the UK experts had made clear to Canadian officials in their talks in Ottawa last February, Iceland is the very crux of the problem for UK fishery industry having regard to the fact that a very substantial portion of the UK's distant water fishing catch comes from the Icelandic 12 mile zone. You might wish to explain that the Icelandic fisheries dispute has, of course, implications for Canada, inasmuch as whatever formula may be evolved for resolving it may have a direct bearing on our own fishing questions with the USA. If it could be possible to work out some sort of bilateral or multilateral solution to the Icelandic dispute perhaps the UK could then see its way clear to supporting the Canadian proposal which we continue to believe is the only formula likely to prove an acceptable alternative to the failure of the Conference and at the same time preventing a general extension of the territorial sea beyond 6 miles. On the basis of these discussions and if it proves possible to come to some understanding with respect to a method of approach for dealing with the Icelandic problem it might then be possible for the UK, Canada and Norway to discuss the question of appropriate tactics for obtaining two-thirds majority agreement at the next Conference.

5. I think that we are agreed that if Canada puts forward some new idea to the UK for application to Iceland — whether or not repeat not it proves to be acceptable to UK or Iceland and whether it should relate to an adjustment period or to the notions of reciprocity or conservation — we shall have to expect that this will have a significant bearing on our position vis-à-vis the USA and would have to be taken into account in considering the substantive aspects of any understanding we may reach with the USA. It is also possible that a wider context might have to be given at a later date to some formula that would take into account the traditional fishing interests of many European countries. This could be done on a regional basis within the legal framework of the Canadian proposal. These lines of approach appear to us to be much more hopeful for the achievement of two thirds support than the plan that would make traditional rights a part of the basic legal provision.

6. I think we are also agreed that it might be preferable for us not repeat not to provide a reply to the UK aide-mémoire of April 17 in order that we might avoid further argument on some of the specific points they have raised and accordingly be able to bring about a somewhat better atmosphere for the talks.

JOHN DIEFENBAKER

For Oslo and Washington.

7. This telegram is being sent to you for your own information only; you will appreciate that the contents should not repeat not be discussed with the authorities of the country to which you are accredited.

50. DEA/9456-RW-4-40

Le haut-commissaire au Royaume Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1481 London, May 11, 1959

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

To Prime Minister for Immediate delivery.

LAW OF THE SEA

I called on Mr. Macmillan by appointment this afternoon and placed before him the views expressed in your telegram L-87 of May 5. Also present were the Right Honourable John Hare and Lord Home.

2. As evidence of the importance attached to this subject Mr. Macmillan devoted an hour to our discussion and raised a number of points to which I gave replies in keeping with our discussions in Ottawa.

3. Mr. Macmillan indicated some disappointment but was very conciliatory in his approach to the problems raised. He did however point out that the right to continue fishing inside the 12-mile limit in Icelandic waters is vital to them and said that it would be intolerable to the fine fishing people of Scotland and Northern England if they did not repeat not assure their historic rights in that area. I took the liberty of saying that while I knew that you fully recognize this problem from Mr. Macmillan's point of view, it would be equally unacceptable to the people living in the hundreds of fishing villages along our coasts if there were not repeat not some assurance that we could control fishing rights for the inshore fishing 12 miles out as we have done with our own trawlers for about 50 years. I also pointed out that while fishing is of great economic importance to the UK it is of relatively greater economic importance to Canada and that with less than a third of the population we actually have a larger total commercial catch each year. I explained that I was merely pointing this out to emphasize that while the crux of their problem is the solution of the situation in Icelandic waters the crux of our problem is the protection of our own inshore fishing and of the breeding grounds upon which we are spending considerable money.

4. I put forward the views in the above telegram in regard to extension of traditional rights by mutual agreement. I said that it was our belief that if the Canadian proposal were supported the atmosphere might be cleared for satisfactory agreement with Iceland and that we had little doubt about our ability to arrange satisfactory agreements with the USA.

5. Mr. Macmillan indicated that they would not repeat not be prepared to consider a situation which meant that their earlier fishing rights in Icelandic waters would not repeat not be preserved. I asked the question if the UK Government thought that the Government of Iceland would recede from the 12-mile limit in any event in view of the very firm statements made recently as a result of the unfortunate incidents which have occurred. This question was not repeat not answered and I had the feeling that they do recognize that even a majority decision at Geneva is not repeat not going to be accepted by Iceland if it contains a reservation of traditional fishing rights.

6. I then explained why it was not repeat not thought advisable that Mr. Hare should go to Ottawa at this time for further discussions of this subject and I suggested the possibility of further discussions in London with the possible inclusion of representation from Norway.

7. There was a favourable response to the suggestion of further discussions in London with Canada but they were all very firm in their objection to the idea of bringing Norway into the discussions. They said that apart from any other consideration this might be regarded by West Germany, France, Belgium, Holland and other European associates as going behind their backs. I suggested reasons why Norway might be helpful in considering the Icelandic situation in view of the similarity of their own position in many ways. They were definite however that this would not repeat not be acceptable.

8. Mr. Macmillan did indicate that he thought they might like to meet Canadian officials informally in London but that before making this definite they would like to consider the question further amongst themselves. He told me he would write to me within the next few days. I then left and I noticed that Mr. Hare and Lord Home remained with him so that it seems likely they continued the discussion immediately on this subject and that we should have an early answer.

9. Mr. Macmillan expressed regret that the two oldest partners in the Commonwealth should not repeat not be able to find common ground in a case of this kind. I said that I knew that you shared this sentiment but that as a result of enquiries it was the belief of the Canadian Government that the Canadian proposal would have the greatest chance of success at Geneva and that we hoped they might see their way clear to declare their support for it.

10. I shall report further as soon as I hear from Mr. Macmillan.

[GEORGE] DREW

51. DEA/9456-RW-4-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET. CANADIAN EYES ONLY. [Ottawa], May 26, 1959

LAW OF THE SEA: DISCUSSIONS IN LONDON

On May 15 Prime Minister Macmillan informed you that the United Kingdom Government was agreeable to discussions in London with Canadian officials on the law of the sea, "as early as can be managed in June." A copy of Mr. Macmillan's personal message of May 15 is attached.†

Attached for your approval, if you agree, is a memorandum† to the Cabinet Committee on Territorial Waters and draft Instructions for the guidance of the Canadian team participating in the proposed talks. The Ministers of Northern Affairs and National Resources and Fisheries have concurred in the attached memorandum and Instructions.

The memorandum to the Cabinet Committee recommends:

(a) that approval be given to the draft Instructions;

(b) that talks be held in Oslo immediately after the conclusion of the discussions in London; and

(c) that the Cabinet Committee approve, in principle, the holding of talks with the United States.

It is suggested that the following officials be sent from Ottawa to assist Mr. Drew in the talks in London and to visit Oslo immediately afterwards:

Mr. M. Cadieux, Legal Adviser of this Department,

Mr. S.V. Ozere, Assistant Deputy Minister of Fisheries, and

Mr. A.E. Gotlieb of our Legal Division.

The draft Instructions, which are submitted for your approval, make it clear that:

(a) the proposed discussions should be held on a confidential basis;

(b) they should be without prejudice to the respective position of the participants; and

(c) the talks should be *ad referendum* as to any specific suggestions or proposals put forward.

The Instructions to the Canadian team then suggest that they might explore with the United Kingdom officials a number of possibilities on which a United Kingdom-Iceland bilateral settlement could be based. These would involve limiting the exercise of traditional fishing rights with respect to: the length of time during which fishing rights can be exercised before termination, the area of fishing, the amount or volume of fishing, the method of fishing and the type or species of fish caught. It is envisaged that some bilateral understanding could conceivably be reached between the United Kingdom and Iceland which would involve the recognition by the United Kingdom of Iceland's exclusive fishing zone, subject to the United Kingdom being allowed an interim period of adjustment (perhaps ten years), during which period the United Kingdom trawlers could continue to fish in the Icelandic zone, but with limitations also as to the amount of fishing by the United Kingdom trawlers and possibly also as to the area and method of fishing. Such an agreement might also involve the application of the conservation principle inside the Icelandic territorial sea and fishing zone, the principle of

reciprocity and perhaps also the granting by the United Kingdom of tariff concessions for Icelandic fish.

If you approve the attached memorandum and Instructions, you may wish to send a personal message to Mr. Macmillan in reply to his message of May 15. A telegram to Mr. Drew in London, containing the text of the suggested message to Mr. Macmillan, is attached for signature, if you approve. If you agree, I shall immediately provide Sir Saville Garner with a copy of this message.[35]

N.A. R[OBERTSON]

52. DEA/9456-RW-4-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], June 23, 1959

LAW OF THE SEA — SUGGESTED REVISION OF THE CANADIAN PROPOSAL

I attach for your signature, if you approve, a memorandum to the Prime Minister outlining the developments in London concerning the law of the sea and requesting his approval of the suggested revision of the Canadian proposal which was put forward by the Canadian team during the London talks (subject to certain conditions which are listed in paragraph 6 of the attached memorandum) and recommending that the Canadian team which visited London and Oslo be authorized to go to Washington in order to determine the United States reaction to the revised formula put forward in London.

2. The attached memorandum is being submitted to your colleagues on the Cabinet Committee on Territorial Waters (the Ministers of Fisheries and Northern Affairs and National Resources) and you will be informed of their concurrence as soon as it has been received.[36]

3. You will note from the attached memorandum that it is hoped that if approval is received of the revised Canadian formula, the suggested talks in Washington might take place as soon as possible and preferably prior to the arrival of a United States team in London which is expected on July 1st.[37]

N.A. R[OBERTSON]

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[35] Notes marginales :/Marginal notes:
Msg to Mr. Macmillan sent May 29/59 with PM's approval H.B. R[obinson].
Memo to Cabinet Committee and Instructions approved June 1, 1959 H.B. R[obinson].

[36] Note marginale :/Marginal note:
Concurrence received June 24 H.B. R[obinson]

[37] Note marginale :/Marginal note:
OK Go ahead

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET. CANADIAN EYES ONLY. [Ottawa], June 23, 1959

LAW OF THE SEA — SUGGESTED REVISION OF THE CANADIAN PROPOSAL

As you know, talks on the law of the sea were held last week in London and Oslo. A report on the London talks by Mr. Drew, who headed the Canadian team, is contained in telegram 1974† of June 18 (copy attached). Telegram 2010† of June 21 from London (also attached) contains a summary of the discussions between Canadian officials and Norwegian authorities in Oslo.

2. You will note from the report of the London talks that Mr. Drew, after having made it clear that (a) it was most unlikely that any formula recognizing traditional fishing rights could win at the Second Conference and (b) such a formula would be entirely unacceptable to Canadian interests, sought the reaction of the United Kingdom representatives to a suggestion made at the Geneva Conference that there might be a five year period of adjustment before traditional fishing rights were cut off. The United Kingdom reaction to this suggestion was entirely negative.

3. In order to avoid an impasse and to find a common line between Canada and the United Kingdom without altering the essential elements of the Canadian proposal, Mr. Drew then submitted a draft proposal which, in addition to allowing a five year period of adjustment, contained a clause calling for (1) negotiation of disputes within the 5 year period, and (2) a limited form of arbitration (confined to the facts of the dispute). This draft proposal (which was submitted on an informal basis only and without the approval of the Canadian Government) is contained in telegram 1975 of June 18† a copy of which is attached: paragraphs 3(b) (providing for negotiation of disputes) and 4 (arbitration as to facts of the dispute) are clearly limited in scope; in their present form, they do little more than "dress up" the idea of a 5 year period so as to serve as something in the nature of "face-saving" device for distant water fishing states. For example, in the case of the United Kingdom, this revision might enable them to support a proposal for a 12-mile exclusive fishing zone without the implication that this would be inconsistent with their policy with respect to Iceland.

4. From the point of view of Canadian national interests, it seems that this suggestion for revising the Canadian formula would not in any way be prejudicial to Canadian fishing interests vis-à-vis the United States (the only country carrying on substantial fishing within a 12-mile zone off our coasts). Inasmuch as the United States possesses treaty right to fish in parts of our territorial waters, Canada would accordingly be bound to negotiate with the United States after the Conference, even if the Canadian formula was approved in its straight 6 plus 6 form.

5. As reported in Mr. Drew's account of the talks in London, the United Kingdom reaction to this revised formula was, on the whole, quite favourable and is now being submitted to the United Kingdom Government for approval, on the understanding that it would also be submitted to the Canadian Government for this purpose. The United Kingdom representatives

intimated, however, that they might wish to suggest that the scope of arbitration mentioned in paragraph 4 be widened and that paragraph 3(b) be reworded so as to suggest that fishing states could continue to have rights after the termination of the 5 year period. The Canadian team made it clear that these suggestions could not be acceptable to Canada and would, moreover, seriously prejudice the success of the next Conference. Shortly after the conclusion of the talks, Lord Home (the Head of the United Kingdom team) informed Mr. Drew that, as a United States team would visit London on July 1st, he thought it would be desirable that, if the revised formula is approved by the Canadian Government, the Canadian team explain these developments to the United States authorities in Washington before that time. Mr. Drew expressed his agreement with this suggestion.

6. In the light of the Norwegian reaction (reported in telegram 2010 of June 21)† and of their fear that this new formula might be whittled away and lose its potentiality of being a successful compromise if it should be disclosed prior to the next Conference, and bearing in mind that it would be difficult, from the Canadian point of view, to indicate any departure from our position before the next Conference is actually under way, I recommend, with the concurrence of the Ministers of Northern Affairs and National Resources and Fisheries, that:

(1) approval be given by the Canadian Government to the revised formula put forward by the Canadian team in London, subject to the following:

(a) the United Kingdom and United States Governments indicate their willingness to support it;

(b) the Canadian proposal in its *unrevised* form be adhered to until the Conference itself and the revised formula be brought forward by Canada during the Conference as a "last minute" compromise, on the understanding that the United States, United Kingdom and Western States would support it;

(c) this understanding with the United States and United Kingdom be kept entirely confidential and disclosure limited to a few selected countries until the Conference is under way;

(d) while changes may be made in the wording of the revised proposal designed to improve its appeal, no changes be accepted which would have the effect of recognizing traditional fishing rights or widening the notion of compulsory arbitration.

(2) pursuant to the suggestion made in London, the Canadian team which visited London and Oslo be authorized to visit Washington at once in order to explore the reaction of the United States Government to the formula put forward in the London talks; and

(3) the Norwegian Government be informed of the conditional approval of the Canadian Government of this revised formula.[38]

H.C. GREEN

[38] Note marginale :/Marginal note:
Approved by the Prime Minister H.B. R[obinson]

53. DEA/9456-RW-4-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1629 Washington, June 27, 1959

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Repeat London (OpImmediate) (Information).
By Bag Oslo from London.

LAW OF THE SEA — DISCUSSIONS IN WASHINGTON

Discussions on the law of the sea took place in Washington today. The USA team was headed by Loftus Becker, Legal Adviser to the State Department; W.C. Herrington, Special Assistant to the Under Secretary of Fisheries and Wildlife and officials from the State Department (Pender, Wright, Brandin and Reis).

2. The meeting opened with a brief summary by the Canadian team of the discussions in Ottawa with the UK authorities in February 1959. After explaining the reasons why Canada could not support the UK suggested revision of the USA proposal, a report was given of the general tenor of the talks held in London on June 15-17, 1959; it was pointed out that after a full exchange of views concerning the prospects for the 1960 Conference and our mutual difficulties, Lord Home had indicated that while a five-year period of adjustment would not be acceptable to the UK Government, the UK might find it possible to support some formula which contained some procedure for avoiding the abrupt termination of traditional fishing rights after the expiration of given period.

3. The USA authorities were then informed that after a brief adjournment the Canadian team submitted to the UK authorities an informal suggestion for revising the Canadian six plus six formula (which had not been approved by the Canadian Government), the essential elements of which were as follows:

(a) There should be a five-year period of adjustment in which period the states claiming traditional fishing rights would be allowed to fish at the same level as obtained during the preceding period of five years.

(b) During this five-year period, coastal and fishing states would be called upon to negotiate with each other with a view to reaching some agreement.

(c) There should be arbitration as to whether traditional fishing rights were being exercised in the outer six-mile zone and as to the extent of losses arising from the implementation of the Canadian proposal.

4. It was pointed out by the Canadian team that it was clearly understood at London that Canada could agree to support a formula recognizing these principles on the specific understanding:

(a) that the revised formula would have the support of the UK and the USA, (b) that Canada would maintain the straight six plus six position until the Conference on the understanding that the revised formula would be introduced at the Conference as a "last minute" compromise. (c)

that this understanding would be kept entirely confidential and disclosure limited to a few select countries.

5. The Canadian team indicated that the UK initial and tentative reaction to this formula appeared on the whole to be quite favorable and that we understood that it was now being given consideration by the UK Government. The text of this suggested revision was then circulated to the USA team for their examination and comments. It was emphasized that the proposal which was being circulated was the same as that which had been originally submitted to the UK authorities in London and that we had indicated agreement in London to several suggested changes, e.g. (a) that the date for the coming into force of the five-year period should be the date of signature of the convention, (b) and that the latter part of paragraph 3(b) be revised to read as follows: "With a view to agreeing on any adjustments which may be necessary as a result of application of the provisions of paragraph 2 of this article."

6. The Canadian team also stressed that an integral part of this proposal was the question of what tactics should be followed to bring about its maximum support. It was pointed out that if the UK and the USA reaction was favorable, discussions would have to take place as to a number of tactical questions such as to what countries should disclosure be made and what would be the best way to bring about the support of countries such as Mexico and India (it was intimated perhaps some study should be given to ways in which the six-mile territorial sea proposal could be made more acceptable to countries such as Mexico).

7. Becker indicated at once that he regarded this as perhaps one of the most important developments since the first Geneva Conference and one which gave him some hope for the success of the second conference; he was convinced that unity between Canada and the USA was essential if the next conference were to succeed. He explained that the basic reason why the USA position shifted at the first conference from their support of the Canadian position was because the European bloc were not prepared to go along with that formula. The USA had been prepared to resist the demands of their fishing industry, but when it became clear that the Canadian proposal could not succeed because of the opposition of the Western European States, they shifted their support to the proposal recognizing traditional fishing rights. He now felt that anything likely to bring about a united Canadian-USA position deserved the most serious consideration.

8. Becker agreed entirely that if this revised proposal should be acceptable to the USA, the question of tactics would be all-important; for example, he thought that if it were to leak out that this were now the position of the USA and the UK, some of the Asians and Latin American States might regard this as a further move in their own direction and would seek to whittle away this position as much as possible prior to the second conference.

9. On the whole the preliminary reaction of the State Department officials seemed not unfavourable. However, Herrington, Special Assistant for Fisheries adopted a rather critical stand; he thought that the fishing state would find itself in a disadvantageous position after the conclusion of the five-year period and that the undertaking to negotiate would have little real meaning for the fishing state. Mr. Cadieux emphasized that the clause calling for negotiations created both a legal and moral obligation and was a provision which had tangible and concrete meaning for the fishing state. While it was true that the value of the obligation depended largely on the good faith of the countries concerned, this was a fact which was generally true for all obligations; on the whole it seemed to Canada that agreement on such a provision could be of real value and assistance to the fishing states.

10. Herrington then stated that he could not share Canadian pessimism about the chances for success of a quota system formula nor our doubts as to its workability. With respect to the suggested revision of the Canadian proposal, he thought that it did not involve more than a relatively slight departure from the Canadian position. In any case he thought that a necessary prerequisite for USA support might be that a bilateral agreement should be reached between Canada and the USA, or at least the principles of such agreement should be worked out prior to the second conference. Mr. Cadieux pointed out that Canada and the USA have a number of bilateral problems in this field which have been outstanding for many years and there did not seem to be sufficient time prior to the conference to work out any bilateral solution to these problems; it seemed clear that our chief concern at the present time should be, if the suggested formula was acceptable to the USA, to work out the most appropriate tactics to bring about the success of the second conference. Mr. Cadieux also emphasized that this proposal involved a very substantial concession on the part of the Canadian Government, and it was made only on the assumption that the USA and the UK would be willing to support it, but it could not be expected (and the UK authorities were now reconciled to this) that we would support any proposal for recognizing traditional fishing rights in a permanent form.

11. No other substantive comments were offered by the USA authorities on the terms of the proposal itself. Herrington's views were not taken up by the group as a whole. The other State Department officials indicated that they would withhold comments until they had an opportunity to study the proposal carefully. Becker repeated that he thought the suggested revision was a helpful move and on the whole our impression was that the USA preliminary reaction was not unsympathetic.

12. A brief discussion then took place on the procedural aspects of voting upon the suggested proposal at the second Conference. The USA authorities felt that (assuming USA-UK support for this proposal) every attempt should be made to avoid a divided vote on the separate provisions of the proposal.

13. It was agreed that the USA authorities would inform the USA team now arriving in London of the tenor of our discussions and of the terms of our revised proposal. USA officials would let us have their preliminary views in early July. It was agreed that if the USA and UK reaction was favorable a meeting should be held by early August in order to work out tactics. The USA authorities seemed somewhat anxious to carry out an early discussion regarding tactics, and in any case at a time well in advance of the next session of the General Assembly. (They appeared to anticipate that at the next session a move might be made to enlarge the scope of the agenda of the conference to include such subjects as right of innocent passage, historical bays and archipelagos.)

54.

C.E.W. Vol. 3175

Note de l'ambassade aux États-Unis

Memorandum by Embassy in United States

CONFIDENTIAL

[Washington], August 13, 1959

LAW OF THE SEA

On June 27 Canadian and United States officials discussed an informal Canadian suggestion for an amendment of the Canadian six plus six formula. This suggestion was embodied in an

Aide Mémoire of July 10, 1959, which made it clear that the Canadian Government's approval of the suggestion was conditional on several factors, including the support of the United States and United Kingdom Governments.

We have now been informed that the United Kingdom authorities are not able to support the Canadian suggestion. They have instead made a counter proposal which is unacceptable to us. Canada has accordingly decided to withdraw its suggested amendment and to stand on its previous six plus six formula.

Canada is willing to continue discussions on the Law of the Sea and hopes that it may be possible to reach a common position with other interested countries. Time is, however, of the essence if the next Conference is to succeed in agreeing on a rule of law for the questions of territorial sea and fishing limits.

Canada will wish (as will no doubt the United Kingdom) to maintain its separate position and carry on exchanges of views and discussions with other countries as it has done in the past. It would not, however, wish any other States to be informed of the nature of the discussions recently held on this matter in London and Washington.[39]

55. JGD/XII/A/232

Le président des Etats-Unis
au premier ministre

President of United States
to Prime Minister

[Washington], September 10, 1959

Dear John [Diefenbaker]:

We have been giving much thought to the Conference on the Law of the Sea to be convened at Geneva next spring because the issues before the Conference are of especial importance. In our view every effort should be made to assure that the Conference achieves general agreement on a narrow territorial sea. A simultaneous solution must also be found to the complex and important problems of fishery jurisdiction in a contiguous zone.

I believe that our two countries recognize the importance of agreement on a narrow territorial sea to our common defenses, to the security of the Western Hemisphere and to the entire free world. We both realize that failure of the Conference to achieve agreement will encourage various countries to claim wider territorial seas by unilateral acts. This would be contrary to our common interests.

In the area of fisheries, however, our two countries have so far not seen eye to eye. The fact that Canada and the United States advocated different proposals at the first Conference contributed to a voting division of the free world and to the resulting failure to achieve the majority required for success. Clearly the prospects of agreement would be improved were Canada and the United States to approach the next Conference with an agreed position. We therefore welcome the approach made through your Embassy suggesting certain language to amend the Canadian proposal as put forward at the Geneva Conference in 1958. However, before seeking to work out specific language at the technical level I thought it would be helpful

[39] Note marginale :/Marginal note:
Mr. Rae spoke to Loftus Becker along these lines, but did not leave a copy 15/8. [auteur inconnu/author unknown]

to have further discussion regarding both the security considerations and the possibilities of finding some acceptable compromise on fishery problems. Such discussion should facilitate the search for precise language.

Accordingly, I have asked Mr. Dillon, the Under Secretary of State, to go to Ottawa to discuss this matter with you and your associates in an attempt to find the outlines of a common ground on which we can develop a mutually agreed proposal that could lead to the success of the Conference which we both desire.

If you agree, a mere note of assent would suffice.

With warm personal regard,

Sincerely,

IKE [D. EISENHOWER]

56. DEA/9456-RW-4-40

Procès-verbal de la réunion du Comité du Cabinet sur les eaux territoriales

Minutes of Meeting of Cabinet Committee on Territorial Waters

SECRET. CANADIAN EYES ONLY. Ottawa, October 23, 1959

Present

Hon. H.C. Green, Secretary of State for External Affairs (Chairman)
Hon. J. Angus MacLean, Minister of Fisheries

Also Present

Canada

Mr. R.G. Robertson, Deputy Minister of Northern Affairs and National Resources
Mr. G.M. Carty, Department of Northern Affairs and National Resources
Mr. Marcel Cadieux, Assistant Under-Secretary of State for External Affairs
Mr. J.E.G. Hardy, Department of External Affairs (London)
Mr. J.S. Nutt, Department of External Affairs (Washington)
Mr. A.E. Gotlieb, Department of External Affairs
Vice-Admiral H.G. DeWolf, Royal Canadian Navy, Chief of the Naval Staff
Lt. Commander E.M. Jones, Royal Canadian Navy
Mr. S.V. Ozere, Assistant Deputy Minister of Fisheries
Mr. S.W. Cunningham, Privy Council Office (Secretary)

United States

Mr. Robert Murphy, Under-Secretary of State for Political Affairs
Hon. Richard B. Wigglesworth, U.S. Ambassador to Canada
Mr. A.L. Richards, State Department
Mr. Raymond Yingling, State Department
Mr. Hayward Isham, State Department
Mr. William Herrington, State Department
Mr. Rufus Z. Smith, U.S. Embassy, Ottawa

LAW OF THE SEA — DISCUSSIONS IN OTTAWA WITH U.S. GROUP HEADED BY MR. ROBERT MURPHY, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS

Mr. Murphy explained that the U.S. wished to discuss certain matters and gain some idea of Canadian thinking regarding Law of the Sea problems, with particular emphasis on the forthcoming Conference in Geneva in the Spring of 1960. He reviewed the background and the developments to date.

In the discussion during the meeting, the following points emerged:

(a) The U.S. thought that, from the strategic and political points of view, it was important for western maritime nations to make a common effort to block the move towards a 12-mile territorial sea and to work towards adoption of a general rule calling for a narrow territorial sea at the 1960 Conference. Mr. Murphy recapitulated the military arguments for a narrow territorial sea. More important still, in the broader field of international politics, it was vital that the NATO Alliance should stand firm on this question, which was part of the pattern of defence against the Communist bloc. It was significant, also, that NATO was going through a time of transition on the economic side. The 3-mile territorial sea had gone by the board, and the U.S. assumed Canada shared its interest in and desire for the 6-mile limit. The situation had deteriorated since the 1958 Conference. The U.S. had hopes for the success of the Canadian formula in 1960, but a number of understandings prior to the Conference in respect of historic fishing rights of the U.S. and some European countries were required. The unqualified '6-plus-6' formula could be satisfactory, but it would not be successful without widespread support, much of which would be won through such understandings. There would be in mid-November a meeting of U.S. and certain western European countries, at which the U.S. would attempt to further the cause of agreement on the unqualified '6-plus-6' formula and encourage arrangements that would lead to its success.

(b) As far as the U.S. was concerned, its interest in fishing in Canadian waters was relatively small and lay principally on the west coast. The main concern of the U.S. was over its fishing interests off the coasts of Mexico. The U.S. had the impression that it was the only foreign nation fishing close to the Canadian shore on the Pacific, but that there were certain historic rights problems with France, Spain and Portugal, as well as the U.S., on the Canadian east coast. France and Spain had made much of the importance to them of these fisheries and their possible loss. Mr. MacLean explained the Canadian view was that the importance of this fishery on the Canadian east coast was relatively insignificant, but that France and Spain might be inclined to magnify its importance because of its indirect bearing on problems elsewhere. Admittedly, Canadian statistics on foreign fishing were not too complete. It would be necessary for Canada to get in touch at an early date with European states having fishing interests close to its shores. That situation on the east coast whereby foreign trawlers were allowed to fish up to the 3-mile limit but the larger Canadian trawlers were obliged to stay 12 miles out, gave rise to contention among Canadian fishermen, and the U.S. recognized this. The U.S. expressed the view that agreements regarding fishing by vessels of the factory boat type could likely be made the subject of an agreement as far as the U.S. and European countries were concerned. The U.S., likewise, was interested in conservation agreements.

(c) The U.S. suggested one reason it sought perpetual fishing rights in Canadian waters was that, indirectly, this had a bearing on what would satisfy European fishermen and it had been thought they would not settle for anything less. The Canadians emphasized that we could not agree to perpetual rights, and explained there would be a major political problem in Canada if, having worked towards a '6-plus-6' general rule and achieved it, we failed to curtail them. A tapering off period had been suggested as a possible answer, and a 5 year term had been mentioned in discussions in London and Washington during the past summer. This had later been withdrawn by Canada. The U.S. pointed out that Europe had the reverse problem with its own people. Although those having rights were reluctant to lose them, other arrangements than those involving a perpetual guarantee might possibly be made to work. All concerned

would have to make concessions. Perhaps the time limit formula might be connected with obsolescence of fishing vessels. It would be desirable to have Canadian and U.S. experts get together at an early date on the possible details of an understanding, particularly in the fishing field.

(d) The U.S. expressed the view that, although there had been problems between Canada and the U.S. for many years and the period for negotiation was short, if a great effort were made something likely could be done in time to help solve the present problem. Mr. Green suggested that while the fishing factors were being considered, possibly a number of other outstanding Canada - U.S. waters problems might come up for consideration, e.g. Hecate Strait and Dixon Entrance, U.S. treaty rights in respect of the Convention of 1818, the Gulf of St. Lawrence, waters of the Arctic Archipelago, and Hudson's Bay and Strait. Although one U.S. view was that the urgency would not permit such other matters to be brought in, Mr. Murphy explained that the U.S. was willing to discuss all such matters, but that because of the time element, there would likely be a question of priority.

(e) U.S. and Canadian officials exchanged information on the likely position of Ghana at the 1960 Conference. Mr. Bing, the Attorney General, had spoken to officials of both countries. On the Canadian side there was some reason to believe that Ghana would support the Canadian formula. The U.S. view was that Ghana's first choice would likely be the 12-mile territorial sea. Both sides had indications of a Ghana approach regarding a high seas corridor in international straits. This was apparently being considered by Ghana as a possible fall-back formula which could make the 12-mile territorial sea more palatable.

(f) Mr. Herrington gave a resumé of the U.S. assessment on the prospects of the 1960 Conference. There were 22 states that could be regarded as the hard core of the extremist countries on the territorial sea which would vote against any solution other than one recognizing a 12-mile territorial sea. These were 9 Soviet states, 9 Arab states, and Panama, Indonesia, Yugoslavia and Mexico. Probably Chile, Ecuador and Peru would also be in this group, making a total of 25. About 27 or 29 states could veto proposals not recognizing the 12-mile territorial sea. There was a hard core of countries which would take their positions at the next Conference because of fisheries interests. There were 5 countries for whom the Canadian formula would be better than the U.K. formula — Peru, Iceland, Ecuador, Norway and Canada. If Canada switched positions, Norway and Ecuador might follow. For 14 countries the U.K. formula would be better than the Canadian formula. These were the U.S., U.K., 9 western European countries, Pakistan, Israel and Cuba. If the U.S. switched, 8, or possibly more, would follow, leaving about 6 in the opposition. Regional considerations governed the voting of another bloc, e.g. Austria, Switzerland, San Marino, Monaco and Luxembourg. If the major western European countries were solid in their position, these countries would support them. In a split probably 2 or 3 could be won over to the Canadian - U.S. position. This made a total of 28 hard core states hostile to the U.K. revision of the U.S. formula, of which about 6 could be won over. About 42 states were opposed to the Canadian formula, of which perhaps 13 could be won over. Mr. Cadieux indicated the Canadian assessment generally corresponded with that of the U.S. However, the Canadian view was that the chances for success were improved if the U.S. and U.K. swung over to Canada as opposed to having Canada move to support them.

(g) Canada suggested that Iceland presented a somewhat difficult and unique problem. It had come to occupy a rather special place in the international community in that it was considered by some to be an example of a small country that was at a considerable disadvantage in a

disagreement with a more powerful country. Iceland's demands might set one of the limits beyond which we could not go in developing a general formula. The U.S. view was that Iceland might support any formula that gave it as much as or more than it now claimed, but the indications were it considered itself to be a special case that was deserving of the general treatment accorded to other states plus something on top of that.

(h) Regarding the giving out of information on the discussions between Canada and the U.S., Mr. Murphy said the U.S. was not averse to people knowing about them, but was not inclined to volunteer information. If questions were asked, perhaps the line could be taken that it was just a matter of following the normal practice for countries to hold discussions before such a Conference. In the U.S. the fishing industry was approved from time to time on such matters and the advisory committee of the industry had been inclined to keep the information it had received confidential. It seemed better to have discussions with the industry in fairly general terms rather than to risk the chance of getting bogged down in too much detail. Mr. Green indicated he thought the Government would want to have some consultation with the fishermen, but this was a personal observation. There might possibly be difficulties with some of the fishermen's unions on the west coast.

The Secretary of State for External Affairs put forward the following summary of conclusions reached at the meeting, and it was concurred in by Mr. Murphy:

(1) Canada and the U.S. would enter into bilateral discussions in November, 1959. These discussions would be designed to achieve a bilateral agreement on a tapering off period for the exercise of traditional fishing rights. The entering into such agreement would be conditional on the straight (unqualified) '6-plus-6' formula being adopted by the Conference.

(2) The U.S. would attempt to gain the support of the European countries on November 16th for a straight '6-plus-6' formula to be supplemented by bilateral agreements — conditional on the straight '6-plus-6' formula being approved by the Conference.

(3) Canada would approach Norway, Denmark, Ireland, and possibly Iceland, in order to determine whether they would accept this plan.

(4) On a broad basis an informal network of undertakings would be established — all conditional on the straight '6-plus-6' position being adopted at the 1960 Conference.

M.W. CUNNINGHAM,
Secretary

57. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 24, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),

The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean)
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

LAW OF THE SEA; TERRITORIAL WATERS

36. *The Secretary of State for External Affairs* said that the U.S. Under-Secretary of State had stated that the United States was now willing to support the Canadian proposal that waters within six miles of a country's seacoast be recognized as territorial waters, and that fishing rights be recognized in waters over six but less than twelve miles from a country's seacoast. Doubtless, the U.S. authorities felt that, unless this proposal were supported, the nations might decide to establish a twelve-mile territorial limit. They had expressed a desire to negotiate a bilateral treaty with Canada on fishing rights in territorial waters. The Minister believed it would prove possible to settle outstanding differences with the U.S. government fairly quickly.

37. *The Cabinet* noted the statement of the Secretary of State for External Affairs that the U.S. authorities were prepared to support the Canadian proposal that the breadth of a country's territorial sea be six miles, and that a country have exclusive fishing rights for an additional six miles.

JEAN FOURNIER,
Assistant Secretary to the Cabinet

58. DEA/9456-RW-4-40

Résumé des discussions sur le droit de la mer

Summary of Discussions on Law of the Sea

SECRET [Ottawa], October 27, 1959

Present:

Mr. R.G. Robertson, Deputy Minister of Northern Affairs and National Resources
Mr. S.V. Ozere, Department of Fisheries
Mr. M.C. Cadieux, Department of External Affairs
Mr. J.S. Nutt, Department of External Affairs
Mr. J.E.G. Hardy, Department of External Affairs
Mr. A.E. Gotlieb, Department of External Affairs
Mr. M.W. Cunningham, Privy Council Office
Lieutenant Commander E. Jones, Department of National Defence
Mr. Arthur L. Richards, State Department
Mr. W. Herrington, State Department
Mr. Raymond Yingling, State Department
Mr. H. Eisham, State Department

The following are the main headings of the discussions:

(I) Time of the forthcoming meeting to work out agreement on a tapering-off period for the exercise of traditional fishing rights.

(II) Place of meeting.

(III) Composition of delegations attending the meeting.

(IV) Consideration of summary of the conclusions reached at the meeting with Mr. Murphy on the morning of October 23.

(V) Tactics to be followed between now and the Conference.

(VI) Comments on the United States assessment on the prospects of the 1960 Conference.

I. *Time of Meeting*

No agreement could be reached on the time of the meeting, but it was tentatively agreed that United States officials would make every effort to be available during the second week in November. The most likely dates for the discussions would be November 12 and 13. While Canadian officials were prepared to begin bilateral discussions at any time, United States fisheries officials were engaged in a series of meetings between now and the middle of November and were departing for London on November 16 to discuss the law of the sea with Western European countries. It was agreed that the United States would inform us when they would be able to arrange for the talks.

II. *Place of Meeting*

It was agreed that the place of the forthcoming meeting should be Washington.

III. *Composition of the Delegation to the Meeting*

The United States officials thought that the emphasis in the discussions would be on obtaining agreement on traditional fishing rights and that because of the urgency of obtaining agreement on this matter there would be little time to deal with other related bilateral questions with the possible exception of those which were *directly* related to the fisheries problem, e.g. Hecate Strait and treaty rights. Consequently, the United States delegation would probably be composed chiefly of persons interested in fisheries together with representatives of Defence and the Interior, and with a 'legal' expert in attendance.

At this point, Mr. Herrington of the United States team suggested that Canadian authorities might wish to give consideration before the meeting to the special question of the effects of a 12-mile exclusive fishing zone on halibut fishing around the Goose Island Banks in Hecate Strait. One of the difficulties which the United States had to face was that Canada and United States together had built up halibut stocks and that United States fishermen could feel that Canadian fishermen, by the device of a 12-mile exclusive fishing zone, would be obtaining a larger stock of halibut. Mr. Herrington wondered if it would be possible for Canada to make some suggestions for dealing with this problem. Mr. Ozere pointed out that, in fact, Canadian fishermen take more halibut within the 12-mile zone off Alaska than United States fishermen take from the 12-mile zone off British Columbia. Mr. Ozere also mentioned that he would like the United States authorities to consider, prior to the November meeting, the question of United States trawler operations on the east coast. He reminded the United States officials that, by statute, Canadian trawlers are forbidden to fish off Canada's east coast; (in order to protect the gear of Canadian fishermen). The fact that United States fishermen operated in this area was a source of difficulty for Canada.

IV. *Summary of Conclusions Reached at the Meeting with Mr. Murphy on October 23.*

Canadian authorities distributed the following provisional summary of the conclusions reached at this morning's meeting, as put forward by the Minister during the meeting and concurred in by Mr. Murphy.

(1) Canada and the United States will enter into bilateral discussions in November 1959. These discussions will be designed to achieve a bilateral agreement on a tapering-off period for

the exercise of traditional fishing rights. The entering into such an agreement would be conditional on the straight (unqualified) '6-plus-6' formula being adopted by the Conference;

(2) the United States will attempt to gain the support of the European countries on November 16 for a straight '6–plus-6' formula to be supplemented by bilateral agreements — conditional on the straight '6-plus-6' formula being approved by the Conference;

(3) Canada will approach Norway, Denmark, Ireland and possibly Iceland in order to determine whether they would accept this plan;

(4) on a broad basis an informal net work of undertakings would be established — all conditional on the straight '6-plus-6' position being adopted at the 1960 Conference.

Mr. Arthur L. Richards, who was leading the United States group at this meeting, expressed his concurrence in this summary. Mr. Herrington, Special Assistant for Fisheries, indicated that he had reservations but Mr. Richards did not agree to his expressing them on the grounds that the summary was in his view, concurred in by Mr. Murphy in this form. Mr. Richards informed us that he would submit a copy of the above summary to Mr. Murphy for confirmation.

V. *Tactics*

Mr. Cadieux pointed out that assuming that agreement is reached between Canada and the United States on a common formula, an important question of tactics would arise. In essence, the problem was, should our tactics now be to create a new "Western" position or would it be preferable to allow the present position of the United States to appear to stand until the Conference itself at which time the United States would come to the Canadian position. The advantage in the second alternative was that the Canadian formula would retain its character as a "compromise" formula. Another measure which might help to improve the chances of success of the Second Conference would be the withdrawal of United Kingdom patrol vessels from the 3-to-12 mile zone. Mr. Herrington pointed out that United Kingdom patrol operations in the Icelandic zone in March or April 1960 could, indeed, create a problem for the western position in that March or April is the active fishing season in these waters and the likelihood of incidents would be increased.

Mr. Cadieux mentioned that the problem was really in the nature of dilemma. If it was necessary to influence the position of certain countries at the next Conference and to change their votes, it would be necessary to convince them that our position was the best one. On the other hand, if we were to campaign now for an agreed "western" position, the result might be that there might be what could be regarded on an agreed "NATO" position; a fact which could stimulate further "compromises" on the part of the so-called "neutralist" countries.

Mr. Yingling mentioned that, if the creation of an agreed western position before the Conference was to be avoided, there must be secrecy about the fact that a common position had been reached, but it would be difficult to maintain secrecy about this fact other than on a purely temporary basis. As there would be only a very narrow margin for agreement on the Canadian formula at the next Conference — 5 or 6 countries could affect the outcome of the Conference — it would be important to ensure that countries made up their mind in advance. Unlike at the First Conference, many countries had given a great deal of thought to the questions of the breadth of the territorial sea and fishing zones and would be likely to come to the Conference with a set position. The time for changing their position was before the Conference itself.

Mr. Cadieux summarized the problems facing us as follows: (a) to obtain the support of the NATO countries for the unqualified '6-plus-6' formula; (b) to attract a number (at least 6 or 7) of countries with territorial-sea limits beyond 6 miles to the straight '6-plus-6' position; and (c) to obtain the support of the large bloc of "neutral" countries (African-Asian and Latin-American) for the unqualified '6-plus-6' position.

Mr. Yingling mentioned that the United States had no desire to appear to take the initiative; in so far as they were concerned, they would let Canada "carry the ball." Discussions with other countries must begin very soon; in effect, countries must be urged to be flexible about the fall-back position which they would be willing to accept at the Conference. A large number of "neutral" and "extremist" countries would be likely, first of all, to put forward extreme solutions, at the Conference, more or less because they were obliged to do so for domestic reasons. When these extreme solutions fail, they would then have to consider fall-back positions. We must persuade these countries that the '6-plus-6' is the best fall-back position.

In conclusion it was agreed that communications between Washington and Ottawa on this subject should be made simultaneously, i.e., in both capitals at the same time.

NOTE

During the course of the afternoon meeting, Mr. Herrington, at Mr. Cadieux's request, gave a resumé of the assessment on the prospects of the 1960 Conference which he gave at the morning meeting. He pointed out that there were 22 states which could be regarded as the hard-core of the extremist countries on the territorial sea which would vote against any solution other than one recognizing a 12-mile territorial sea. These consisted of 9 Soviet states, 9 Arab states and 4 others — Panama, Indonesia, Yugoslavia and Mexico. In addition, Chile, Ecuador and Peru would probably have to be counted among this group making about 25 in all. It could be expected that about 27 or 29 states (depending on the number of states attending the Conference and the number of abstentions) could veto any proposal at the next Conference which did not recognize the 12-mile territorial-sea limit.

There was also a hard-core of countries which would take their positions at the next Conference because of fisheries interests. There would be 5 countries for whom the Canadian formula would be better than the United Kingdom formula — Peru, Iceland, Ecuador, Norway and Canada. Of these, if Canada switched positions, Norway and Ecuador might do so as well. There were 14 countries for which the United Kingdom formula would be better than the Canadian formula. It included the United States, United Kingdom, 9 Western European countries, Pakistan, Israel and Cuba. If the United States swings to the Canadian position, 8 or possibly more of these would follow the Canadian position, leaving about 6 countries in the hard-core of opposition.

There was a third category of states whose vote would be affected principally by regional considerations. This group included Austria, Switzerland, San Marino, Monaco and Luxembourg. If the major Western European countries were solid in their position these countries would go along with them. In the event of a split, it could be expected that about two of these smaller countries could be won over to the Canadian-United States position.

If these categories are added together, there are a hard-core of about 28 states which are hostile to the United Kingdom revision of the United States formula. Of these about 6 could be won over. Against the Canadian formula there were about 42 states opposed; of these perhaps about 13 votes could probably be swung over.

Mr. Cadieux mentioned that the Canadian formula would seem more likely to appeal to the large number of countries not counted in the 'extremist' group, i.e., the African-Asian and Latin-American countries. It was clear that these "neutral" countries would have to vote solidly for the winning formula, if the veto-power of the "extremist" states was to be avoided.

59. DEA/9456-RW-4-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], November 20, 1959

LAW OF THE SEA

I am attaching three messages concerning the London talks which have just been completed:

(a) Telegram No. 4192 of November 20 from Mr. Drew in London†

(b) Telegram No. 2906 of November 19 from Washington†

(c) A letter from Earnscliffe briefly summarizing the talks.†

As you will note from Mr. Drew's message the Western European countries unanimously rejected the "Ottawa plan." It appears also that, in the light of this development, the United States is changing its position and now favours a 6-plus-6 formula together with a period of adjustment for a given number of years; this "tapering-off period" would be written in the rule of law itself. This is a suggestion which is similar, in principle, to our own June formula. It appears, however, that the number of years which the Europeans have in mind is 25. Thus it would appear that a number of the European countries might be willing to accept in principle a tapering-off of "traditional" fishing rights provided that such recognition is written into the rule of law itself. This might not be an unauspicious beginning for bringing them around to accepting a shorter "tapering-off period" which would be adopted by countries on a bilateral basis.

As you will note from the attached telegram from Washington, the State Department has suggested a postponement of the Washington talks on a "tapering-off period" which, as you know, were to begin on Tuesday next. They have also suggested that Mr. Dean visit Ottawa next week for "high-level discussions," if this would be agreeable to Canada (it seems, however, that this latter suggestion has not been put forward on a formal basis).

Would you be willing to see Mr. Dean, if he wishes to come here for discussions some time during the course of next week?[40]

N.A. R[OBERTSON]

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[40] Note marginale :/Marginal note:
Yes on Friday afternoon. We should now tell Norway & the others the position H.C. G[reen]

60. DEA/9456-RW-4-40

Note du chef du Comité interministériel sur les eaux territoriales pour le Comité du Cabinet sur les eaux territoriales

Memorandum from Chairman, Interdepartmental Committee on Territorial Waters, to Cabinet Committee on Territorial Waters

SECRET. CANADIAN EYES ONLY. [Ottawa], December 3, 1959

LAW OF THE SEA: CANADIAN TACTICS

I. *United States Approach*

1. As members of the Cabinet Committee on Territorial Waters are aware, the United States are now supporting a 6-plus-6 formula incorporating a phasing-out period in the rule of law. Unless the United States should once again change their approach, it seems that their strategy is to attempt to obtain the support of the Western European group as a whole for this approach (they expect to have the reaction of the United Kingdom Government this week and of other Western European governments sometime later this month); then to work out what length of time would be the maximum period which would be acceptable to other countries and to the Conference as a whole. It seems that a major part of their tactics is also to attempt to obtain Canadian support for the idea of a phasing-out period, presumably because they recognize that the support of other countries for this formula — such as Norway and India — may be related to our own willingness to go along with it. The adoption by the Conference of a phasing-out formula would seem to fit in well with the United States' own fishing interests. While it is true that Canada stands willing to negotiate a tapering-off period bilaterally with the United States, they may not be in as good a position to negotiate with Mexico, Ecuador, Peru and any other countries within whose 6-to-12 mile zones they now fish. Since Mr. Dean has now been acquainted with our intention to hold firm in support of the unqualified 6-plus-6 formula, it is probable that the United States will be reviewing the situation over the next few weeks on the basis of the reaction they receive from the Western European nations and in the light of our position.

II. *Canadian Approach*

2. Since the Canadian plan is to allow phasing-out periods bilaterally, it seems clear the difference between the United States and Canadian positions is less one of substance than of procedure, i.e., concerning the most appropriate manner for obtaining a Conference agreement on the 6-plus-6 formula. In the Canadian assessment, "compulsory phasing-out," i.e., phasing-out written into the rule of law itself, seems likely to be opposed by Iceland and therefore unable to command two-thirds majority support at the Conference. Accordingly, our best strategy would be to attempt to strengthen as much as possible support for the unqualified 6-plus-6 formula and to continue to emphasize the desirability of the bilateral or multilateral approach (outside the rule of law) among countries with particular difficulties. To date, Canadian missions in 36 countries have been asked to seek the support of the country to which they are accredited for the Canadian proposal and to present aide mémoires towards this end. In addition, aide mémoires are being presented to representatives of 16 countries to which we are not accredited (through our missions in London, Washington and Paris). The Canadian pamphlet on the law of the sea is now in the printing stage, and it is expected that the English-language version will be in the hands of missions in approximately two weeks' time. It is

intended, in the first instance, that the pamphlet will be given limited distribution in the countries in which the aide mémoires are being presented, and, on an information basis, in countries not being approached; in the second stage, which it is expected will take place in January, the pamphlet will be given a wider distribution abroad and in Canada as well.

III. *Obtaining Support of Western European States*

3. The possibility of gaining Conference support for the unqualified 6-plus-6 formula at the Second Conference depends largely on preventing the extremists from wielding a veto power. If the Soviet bloc and the Arab group and a few other states with more extreme positions, e.g., Indonesia, Ecuador, Chile and Peru, vote against the Canadian proposal, they will come close to constituting a "blocking third" at the Conference. In the event that several of the Western European countries should also be added to this group, the unqualified 6-plus-6 formula will not be able to succeed. A number of Western European countries are now being approached by our missions; it is possible that some, e.g., West Germany, Denmark and Holland, might ultimately come round to accepting the Canadian formula as a fall-back position at the Conference.

4. In the likely event that a number of the Western European countries remain unwilling to support the unqualified 6-plus-6 formula, the Cabinet Committee might wish to consider the desirability of the Canadian Delegation being authorized, either at the Conference itself or immediately before, to make known to those countries which fish in our 6-to-12 mile zone (France, Spain and Portugal) and are unwilling to support our formula, that Canada is willing to allow a brief phasing-out period, on a bilateral basis, for their fishing operations.

5. If this is acceptable to Canada, it could be done in two forms:

(a) by suggesting a formula similar to that put forward by the Canadian authorities in London in June, 1959, but on a bilateral or multilateral basis only, i.e., a short period of time could be allowed — perhaps three years instead of five — before the exclusive 12-mile fishing zone takes effect. During this period, countries could negotiate bilateral agreements which might involve a further period for tapering-off.

(b) a straight tapering-off period could be offered which provides for the complete extinction of these rights after a given length of time. This alternative would presumably be more acceptable to fishing countries if the tapering-off period were slightly longer, i.e., five or seven years. If, in addition, other coastal states could be persuaded to adopt a similar approach, e.g., Norway and Ireland, this might help to encourage those Western European states which might be thinking in terms of the failure of the Conference to support the Canadian proposal as a final alternative.

6. While the suggestion for bilateral agreements could, of course, be made to countries such as France, Spain and Portugal at an earlier date, it is possible that these countries might not be willing to give serious consideration to a short, bilaterally-implemented, phasing-out period virtually until the Conference is under way, when the choices facing the countries may be more clearly apparent. As Ministers will recall, at the London meeting on November 16, these countries, and other European countries as well, unanimously rejected the Ottawa Plan which called for the negotiation of bilateral agreements prior to the Conference. Two principal reasons were the absence of adequate time between now and the Conference for the negotiation of networks of bilateral agreements, and the political difficulties involved for the Western European states in agreeing to the extinction of these rights prior to the Conference, and to the

rejection of an "historic fishing rights" formula. Furthermore, as long as the United States rejects the bilateral approach and works for the adoption of a general phasing-out period at the Conference, it seems unlikely that the Western European countries will give any more serious consideration to a suggestion for bilateral agreements than the United States itself.

IV. *Possible Developments at the Conference*

7. It is possible that at the Conference itself, or somewhat prior to it, the United States and Western European countries might find that a short period of time (e.g. five years) is the maximum phasing-out period which the Conference may be expected to approve. In the event that a brief period of this nature is agreed upon by the United States, United Kingdom and Western European nations, and if it appears that (and this seems unlikely) it will be accepted by Iceland, such a formula might prove acceptable to two-thirds of the countries attending the Conference. Under such circumstances, and in view of Canada's willingness to agree to phasing-out bilaterally, it would be clear that the formula might be a satisfactory alternative to our own formula and would merit serious Canadian consideration. However, these developments are not likely to take shape much before the Conference itself, and may occur only if and when the Western European nations become convinced that a Conference agreement can be obtained only if a short period of time is provided for, and only if such a period is acceptable to coastal states such as Iceland and Norway. Recent reports from Oslo and London seem to suggest that Norway may be prepared to agree, at the Conference, to a short phasing-out period — probably in circumstances where it is clear that the straight 6-plus-6 will not succeed. The Canadian Ambassador in Oslo is being asked to clarify the Norwegian position and to report on their views as to the possibility of Iceland going along at the Conference with an article providing for a compulsory phasing-out period of, say, five years.

V. *Recommendations*

8. It is accordingly recommended that Canada pursue the campaign on behalf of the Canadian formula as previously charted and, in addition, hold in reserve, for the time being, the suggestion that phasing-out periods be suggested by Canada to the countries concerned at the outset of the Conference itself. If this latter approach commends itself, it is also recommended that Canadian representatives should, at some appropriate time, as we come closer to the Conference, determine, in strict confidence, whether Norway, and perhaps other countries as well, such as Ireland, would be willing to consider an approach of this sort at the Conference, if other countries concerned are prepared to do so. (While it may not prove possible to succeed in keeping such discussions confidential, it would nevertheless seem that this risk might be justified in order to ensure that other coastal states concerned give consideration, in advance of the Conference, to such a plan.) However, should it develop, at the Conference itself, that a 6-plus-6 formula recognizing a short phasing-out period (e.g., five years) seems likely to be able to win (for this Icelandic and Norwegian support will be necessary), it would then appear to merit careful consideration by Canada.

H.C. GREEN

2e Partie/Part 2

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

61. PCO

Note du ministre des Finances pour le Cabinet

Memorandum from Minister of Finance to Cabinet

Document No. 278-59 [Ottawa], September 14, 1959

Confidential

INTERNATIONAL DEVELOPMENT ASSOCIATION
PROPOSED CANADIAN POSITION

The establishment of an International Development Association, (I.D.A.), as an affiliate of the International Bank for Reconstruction and Development, has been proposed by the United States and will be discussed at the following meetings:

(a) The meeting of the Commonwealth Economic Consultative Council in London on September 22-23;

(b) The annual meeting of the Governors of the International Bank in Washington from September 28 to October 2.

2. On July 10 Cabinet gave preliminary consideration to a memorandum on this subject dated July 7 (copy attached).† At that time the decision was as follows:

> "The Cabinet agreed that Canada would be represented at a meeting of Commonwealth officials in London, in July, to consider the proposal for an International Development Association; the Canadian officials attending to ascertain the views of other Commonwealth countries on the proposal but to make no commitments on the part of the Canadian government."

3. Since that time the following developments have occurred.

Meeting of Commonwealth Officials in London

4. At the meeting in London in July Canadian officials gained the strong impression that, following the lead of the United Kingdom, most Commonwealth Governments would be prepared to give conditional support to the U.S. proposals. It was agreed that these proposals were far from complete especially in regard to the nature of the operations (as opposed to the constitutional arrangements) of the proposed Association. Nevertheless most Commonwealth representatives indicated a sympathetic approach. The Canadian and Australian representatives were in the position of resisting proposals of other representatives for a report which, by making positive recommendations on many particular points, would have seemed, by implication, to accept the U.S. proposal as a whole and might have impaired the negotiating flexibility of Canada and other individual Commonwealth countries.

5. The same group of Commonwealth officials reviewed proposals for a Commonwealth financial institution. On this subject the final paragraph of their report read as follows:

> "The Group were agreed that, having regard to the recent augmentation of the resources of the International Bank, the Commonwealth Development Finance Company, and the Colonial Development Corporation, and the proposed establishment of an International Development Association, the less developed Commonwealth countries might reasonably count on an increased flow of capital for development from these sources. In regard to the proposal for a new Commonwealth financial institution, different representatives naturally attached different weights to the considerations advanced. There was a strong preponderance of view that the creation of such an institution is unlikely to increase the amount of finance available to Commonwealth countries for development, and that in present circumstances the Commonwealth should not proceed with it."

6. The "strong preponderance of view" was made up as follows. The following representtatives were definitely against establishment of a Commonwealth financial institution: United Kingdom, Colonies, Australia, New Zealand, South Africa, Rhodesia-Nyasaland. The following were against it, at any rate pending experience with the I.D.A.: India, Pakistan and Ceylon. The following was definitely in favour: Malaya. The position of Ghana was not quite as positive as that of Malaya but rather more so than India, Pakistan and Ceylon.

Visit of Canadian Officials to Washington

7. The Canadian officials who attended the meetings in London subsequently went to Washington in response to the U.S. invitation for informal bilateral talks on the subject of I.D.A. They had discussions both in the International Bank for Reconstruction and Development (which according to the U.S. proposal would manage the I.D.A.) and also in the U.S. Treasury.

8. In all their discussions our officials emphasized that the Canadian Government had not yet formed a view on the U.S. proposal.

9. Secretary Anderson of the U.S. Treasury spent some three-quarters of an hour expounding to our officials his very strong support of the I.D.A. proposal. It is clear that he takes a deep personal interest in it. He warned that, if something like I.D.A. is not established under the Bank's management, it will become impossible to resist pressures to set up SUNFED under U.N. auspices and that the USSR will use SUNFED as a propaganda machine. He urged international coordination of non-Communist aid operations. An important purpose of I.D.A. is to enlist European contributions; if European countries do not play their proper part in the provision of aid, the U.S. could not continue. Secretary Anderson went on to emphasize that, in his view, I.D.A. should receive contributions which might not be fully usable. "Counterpart funds," generated in connection with U.S. surplus disposal operations, should also be contributed to I.D.A.; political pressures in U.S.A. were such that, despite the best efforts of the Administration, agricultural surpluses would continue to accumulate and these "could not be thrown into the ocean." Soft loans ("repayable" in local currency) were the answer, although he could not see the end of the continuous accumulation of local blocked currencies. The administration of local currency loans by the U.S. Government has not been too satisfactory to Congress; he hoped that his friend Eugene Black, President of the International Bank, would be more successful.

10. From this and other discussions in the Treasury our officials gained the impression that, as far as that branch of the U.S. Government is concerned, the main preoccupations are with the

following Congressional attitudes: concern over competition between U.S.A. and the USSR for the support of underdeveloped countries; dissatisfaction with the amount of aid provided by other Western countries, particularly Germany; and a desire to accelerate disposal of farm surpluses in a manner which appears to avoid gifts. Our officials did not call on State Department. However in discussions in the International Bank they found a much greater preoccupation with the positive economic values to be obtained from the accelerated economic development which I.D.A. might permit. Bank officials have given a good deal of thought to the ways in which I.D.A. funds may usefully supplement International Bank loans and also to the difficulties and dangers involved in massive accumulations of local currencies — whether from the initial contributions of some member countries, or from repayment of "soft loans," or from contributions of counterpart funds by the U.S.A. and possibly other countries.

11. While in the Treasury our officials confirmed that Germany, like the U.K., was taking a positive position in support of I.D.A., probably with some qualifications or reservations (which are not known). There are indications that France may be taking a similar position.

Communication from the International Bank

12. As Canadian Governor of the International Bank I have received a communication from the President, Mr. Black, dated August 3, forwarding, with general approval but without specific commitments, a communication which he has received from Secretary Anderson. This communication includes a new outline of the U.S. proposal which is, however, in all material respects the same as the earlier outline received last May (and attached to my memorandum to Cabinet of July 7).

13. Secretary Anderson's communication states that, at the meeting of the International Bank later this month, he intends to invite the Governors to approve a resolution requesting the Executive Directors "to study carefully the question of establishing an International Development Association and, if feasible, to formulate articles of agreement for appropriate submission to the member governments." He further expresses the hope that the matter can be acted on by member governments early in 1960 allowing for action by the United States Congress during its 1960 Session.

Meeting of Commonwealth Ministers in London

14. Commonwealth Ministers are to meet in London on September 22-23. This will constitute the first meeting, at the ministerial level, of the "Commonwealth Economic Consultative Council." The Agenda is to include discussion of the proposed International Development Association, and also of the report by Commonwealth officials on the proposal for a Commonwealth financial institution.

Conclusions

15. Guidance is accordingly required regarding the Canadian position. I would propose that Cabinet should now accept the recommendations put forward in paragraph 22 of my memorandum of July 7 reading as follows:

> "While the form of aid involved in the U.S. proposals for IDA does not conform closely to the pattern which Canadian aid has, for good reasons, followed in the past, the Canadian Government would nevertheless be willing, subject to Parliamentary approval, to agree to participate in arrangements along the lines proposed, *provided* that:
>
> (i) an appropriate degree of support is forthcoming from the United States and also from other "creditor" countries including the United Kingdom and Germany;

(ii) the "underdeveloped" countries of the Commonwealth indicate that they would, in all the circumstances, give priority at this time to the establishment of IDA as a channel through which to receive aid;

(iii) the detailed arrangements for IDA provide for efficient administration and effective use of the funds for purposes of economic development;

(iv) an initial subscription by Canada to IDA should not be taken to imply any commitment to contribute to subsequent replenishments."[41]

[DONALD FLEMING]

62. DEA/11423-J-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM EA-1205 Ottawa, November 6, 1959

CONFIDENTIAL. OPIMMEDIATE.

Repeat Washington, London, Paris, NATO Paris (Information).
By Bag Oslo, Stockholm, Copenhagen, Delhi, Karachi, Colombo, Kuala Lumpur, Canberra, Wellington, Djakarta, Tokyo, Brussels, Hague.

SECOND COMMITTEE — ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

1. We have been considering the Canadian position in the Second Committee debates on development of underdeveloped countries in the light of your reports on trends at the General Assembly. The following paragraphs are intended to supplement the guidance you already have in the commentary on this subject:

(a) We recognize that multilateral programmes have an important part to play in aid to underdeveloped countries and that there is a need on the part of those countries for much greater amounts of capital than are now available. We are therefore participating in the discussions on a new multilateral capital assistance institution — the IDA.

(b) The major contributors of capital are still not prepared to participate in SUNFED, which therefore has little or no chance of acceptance, but they are supporting the proposed IDA.

(c) We feel it is desirable to reserve judgment for perhaps several years on other forms of multilateral capital aid until we have had sufficient experience of the new machinery of IDA to judge its effectiveness.

(d) An IDA substantially different from the present proposals would not be likely to secure the support of the major contributors.

(e) While we would be compelled to vote in the General Assembly against proposals to set up a SUNFED type of institution[42] or against proposals to alter IDA into something which would

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[41] Approuvé par le Cabinet le 17 septembre 1959./Approved by Cabinet on September 17, 1959.

[42] Voir volume 24, chapitre premier, première partie, subdivision E./See Volume 24, Chapter I, Part 1, Subsection E.

not get the required support, we would like to avoid as far as possible the necessity of casting such negative votes.

2. We have taken as a starting point the Yugoslav draft resolution on a United Nations capital development fund contained in your telegram 1465 October 21.† Despite our sympathy with the desire of underdeveloped countries to obtain greater amounts of capital, we cannot contemplate contributing to any such fund at the present time. We would hope that the Yugoslavs and others with similar ideas can be discouraged from putting forward such a resolution. It would be unfortunate if a resolution on these lines comes to a vote and we are compelled to line up with other Western countries against a group of underdeveloped countries who may be supported by the USSR for tactical reasons. Every effort should therefore be made to head off this eventuality by discussion behind the scenes.

3. The Yugoslav draft proposes that members allocate a part of current expenditures on armaments to development through the UN without waiting for world wide internationally controlled disarmament. Although there are hopeful aspects to the current disarmament discussions, we do not think any country is in a position now to anticipate a reduction in defence expenditures which could be reallocated to international development.

4. The main argument we think should be used in attempts to dissuade prospective sponsors of a resolution on a SUNFED type of institution runs as follows: discussions are now under way in the IBRD on the setting up of an International Development Association and this association will, if it comes into being, provide a source of additional capital for underdeveloped countries. Canada has always viewed with sympathy the need for capital assistance to underdeveloped countries and we are participating in the discussions regarding establishment of the IDA because it could make a substantial contribution to that need. The proposed IDA offers promise of being an effective organization for economic development and, most important, one which will have the support of the major potential donors. The major donors have not been prepared to participate in a UN capital development fund of the SUNFED type in the past and are evidently not prepared to do so now but they are apparently willing to contribute to an IDA which will assist in meeting the capital requirements of the underdeveloped countries. Incidentally it will have several times the total resources proposed earlier for SUNFED. As far as Canada is concerned, we feel we must reserve our position on any other new capital assistance organization until there has been sufficient experience with the operation of IDA to judge its effectiveness and determine whether any additional machinery is needed. We believe those who, like ourselves, are concerned to maximize the amount of assistance being made available in an effective and efficient manner to underdeveloped countries should refrain from pressing at the current session of the General Assembly other schemes which have little or no chance of acceptance at the present time.

5. In the discussion at New York we think it would not be wise to get involved in a discussion whether the IDA is a substitute for SUNFED. In our view it is better to confine ourselves to stressing the fact that IDA could provide substantial additional capital for underdeveloped countries.

6. We think you might try to suggest to those delegations that are still enthusiastic about SUNFED that it would be unwise to do anything at the present stage which might prejudice the chances of the IDA being established. You could emphasize in informal discussions that the United States Government has made a major advance in taking the initiative for the IDA at a time when the atmosphere in the United States (reflecting particularly their budgetary and

general balance of payments difficulties) is not very propitious for additional aid to underdeveloped countries.

7. We have been passing on to you information from Rasminsky's reports about the discussions on IDA by the IBRD Board of Directors and you will have some idea from them of the way things are shaping. You will note that there was no significant support for the Swedish proposal on broadening the membership of IDA. Whatever the merits of broadening the membership of IDA there does not seem much chance of opening up the membership more widely at this stage without jeopardizing the prospects for the IDA.

8. You will also have seen that the question of IDA's relationship to the UN has been discussed by the IBRD directors. While we understand and appreciate the interest of the General Assembly in the operations of IDA, if the IDA is to have the relationship to the IBRD that is presently envisaged it appears neither desirable nor practical to try to set up special arrangements for liaison with the UN that go beyond the existing connections of the IBRD with UN organs. Black has explained the present official and personal arrangements for liaison. ECOSOC has the opportunity to review the work of IBRD and will have the same opportunity for the IDA.

9. You have raised the question whether the Canadian Delegation might say in New York that Canada's representatives in the IBRD discussions will take into account the views expressed in the General Assembly. The IBRD directors have made arrangements to be kept informed of the discussions in the General Assembly. We do not think, however, that we can make a statement implying that our representatives in particular will be influenced by the discussions at the General Assembly. You should not, therefore, go beyond a general statement that we are sure the Executive Directors of the IBRD will take note of what has been said in the UN debates. As the commentary suggests we could accept a UN resolution which invites the IBRD to take note of the views expressed in the General Assembly, but we could not accept a resolution which would have the effect of influencing the development of IDA in the direction of a SUNFED type of institution. We wish to maintain the position, however, that the IBRD is a more appropriate place than the General Assembly for a detailed discussion of the structure of the IDA.

10. We hope that this telegram with the instructions you already have will give you sufficient material both for informal discussions with other delegations and for any statement that is necessary in the debate on this subject. The delegation should of course play a useful part in the Second Committee's consideration of the economic development item. Canada has had a significant role in the formulation of aid programmes in the past and we hope to exercise a constructive influence in the current discussions. Since you will be arguing that SUNFED should not be pressed at this time you should take every opportunity to stress our recognition of the need of underdeveloped countries for economic assistance and our support for sound and practical aid programmes. You should point out the very substantial contributions we have always made to UN programmes, our support for the Special Fund and our more than proportionate increase in subscriptions to the IBRD and IMF as well as our greatly expanded bilateral programmes. Our prime objective is naturally to support a course of action that will produce the maximum effective contribution to economic development. We should do all we can

therefore to avoid prejudicing the chances for the one new agency that is likely to make substantial additional resources available in an effective manner.[43]

3E PARTIE/PART 3

ACCORD GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE GENERAL AGREEMENT ON TARIFFS AND TRADE

SECTION A

QUATORZIÈME SESSION DES PARTIES CONTRACTANTES FOURTEENTH SESSION OF THE CONTRACTING PARTIES

63. PCO

Note du secrétaire d'État par intérim des Affaires extérieures, du ministre du Commerce, et du ministre des Finances pour le Cabinet

Memorandum from Acting Secretary of State for External Affairs, Minister of Trade and Commerce, and Minister of Finance to Cabinet

DOCUMENT NO. 137-59 [Ottawa], April 30, 1959

CONFIDENTIAL

INSTRUCTIONS FOR THE CANADIAN DELEGATION TO THE FOURTEENTH SESSION OF GATT

A. GENERAL COMMENTS AND REPRESENTATION

1. The Fourteenth Session will open on May 11 and will last approximately three weeks. This Spring session marks a change in the administration of the GATT whereby two short sessions of the Contracting Parties each year will take the place of a single annual session lasting longer. The next session will be held in Tokyo at the end of October when a ministerial meeting will be held. No plans have been made for a meeting of Ministers at the Fourteenth Session.

2. As in the past, the main task of the Contracting Parties will be to administer the General Agreement and to seek solutions to problems which arise from its application. The Canadian delegation should look for general guidance to the policy positions developed at the Commonwealth Trade and Economic Conference last Fall[44] and to the instructions for previous GATT Sessions and should participate in the forthcoming discussions with a view generally to safeguarding Canada's trade interests and maintaining the integrity and effectiveness of the GATT.

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[43] Voir le résumé du débat de l'Assemblée générale sur l'Association internationale de développement dans *Yearbook of the United Nations 1959* (New York: United Nations, 1960), pp. 137 à 139.
For a summary of the General Assembly discussion of the International Development Association, see *Yearbook of the United Nations 1959* (New York: United Nations, 1960), pp. 137-139.

[44] Voir volume 24, chapitre 3, 3e partie./See Volume 24, Chapter 3, Part 3.

3. At this session a number of items will arise which are of particular concern to Canada. Amongst the most important are the Canadian request for authority to renegotiate bound items in the textile schedules and a number of issues involving discrimination and restrictions against Canadian exports. The Montreal Commonwealth Conference set in motion new initiatives towards the removal of trade restrictions and discrimination. At the IMF and IBRD meetings in New Delhi proposals were adopted to provide for an increase in international liquidity and in the resources available for economic development and thus to provide a more secure basis for expanding world trade. At the end of last year the United Kingdom and other Western European countries formally introduced external convertibility for their currencies, thus in the Canadian view, removing the financial basis for discrimination in their import systems. This will be the first GATT Session held in the new circumstances of external convertibility for the major trading currencies and it is important that progress towards the removal of restrictions and discrimination should be accelerated in the trade field. A position has been reached in many countries where the restrictions against Canadian exports should disappear shortly or be substantially reduced. There are, however, strong pressures in Europe, particularly as a result of the formation of the European Common Market, for the maintenance of discriminatory restrictions and for the setting up of new discriminatory quota arrangements, and efforts are likely to be made by many countries to obtain GATT approval for such arrangements. Many of the issues being considered at the GATT Session, such as the question of German import restrictions, the balance of payments consultations; and the implementation of the Rome Treaty, bear directly or indirectly on the question of discrimination and the manner in which these issues are dealt with in the GATT could set important precedents for our future trade.

4. It is recommended:

That a Canadian Delegation should attend the Fourteenth Session; that Mr. M. Schwarzmann, Department of Trade and Commerce, should be Chairman of the Canadian Delegation; that the following officials should be included in the Delegation:

J.F. Grandy	Department of Finance
M. G. Clark	Department of Finance
W. Lavoie	Department of Trade and Commerce
C.J. Dobson	Department of Agriculture
J.E. Hyndman	Department of External Affairs
W.F. Stone	Permanent Mission to the European Office of the United Nations

and that an officer from the Department of National Revenue should be included in the Delegation if required.[45]

B. AGENDA: QUESTIONS OF PARTICULAR INTEREST TO CANADA

(a) *Expansion of International Trade*

5. At the last GATT Session, in response to demands by the primary producing countries and against the background of the Commonwealth Conference, the Contracting Parties decided to initiate a programme for the expansion of trade under three broad headings:

(i) Projects for future reduction of tariff barriers, in the light of a U.S. proposal for a new round of tariff negotiations to take place in 1960;

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[45] Approuvé par le Cabinet le 7 mai 1959, sous réserve de l'inclusion d'un agent du ministère du Revenu national dans la délégation du Canada.

Approved by Cabinet on May 7, 1959, subject to the inclusion of an officer from the Department of National Revenue in the Canadian delegation.

(ii) Reduction of agricultural protectionism;

(iii) The possibilities of encouraging the export trade of under-developed countries.

Three special committees were set up to implement this programme and each of them held initial meetings in February and March. They are to submit their reports and recommendations to the forthcoming Session of the GATT. Canada is a member of all three committees.

6. It is recommended that with reference to tariffs, the Canadian Delegation should be guided by the decision of the Canadian Government to participate in a new round of multilateral tariff negotiations as proposed by the U.S. The Canadian Delegation should also seek the most appropriate methods for the examination and negotiation of the common tariff of the European Common Market with a view to safeguarding the terms of access for Canadian exports to the European community. As regards agriculture, the proposed consultation procedures should be directed to the reduction of unnecessary agricultural protectionism and the limitation of surplus disposals which impair normal commercial trade. On the problems affecting trade of under-developed countries the Canadian delegation should consider sympathetically in concern with other Contracting Parties the possibilities which exist to improve the trade prospects of these countries.

(b) *Consultations on Quantitative Import Restrictions*

7. Consultations are scheduled at this Session on the restrictions being maintained for balance of payments reasons by France, the United Kingdom, New Zealand and South Africa. These consultations will be of particular importance in the new circumstances of external convertibility of major trading currencies in Europe.

8. In view of the importance of securing the freest access possible for Canadian exports, Canadian representatives should participate actively in the balance of payments consultations and should press for substantial and rapid progress in the removal of quantitative restrictions where these no longer appear to be justifiable. Where restrictions are still applied in a discriminatory manner, the Canadian delegation should seek to have it clearly recognized that in the new circumstances of external convertibility for all the major trading currencies discrimination is no longer justified and should accordingly be speedily eliminated.

9. The Netherlands has recently advised the GATT that it has taken steps to eliminate all import restrictions applied for balance of payments reasons. However, the Netherlands has retained restrictions on a number of agricultural products and on a few basic materials. This poses a problem for the Contracting Parties similar to those experienced with Germany. The Canadian delegation should cooperate with other delegations in seeking the early removal of these restrictions and should in no way agree to arrangements providing for the retention of discrimination.

(c) *German Import Restrictions*

10. Germany has been maintaining import restrictions in contravention of GATT since 1957, although no longer in balance of payments difficulties. This raises critical issues for other Contracting Parties as it disturbs the balance of rights and obligations under the Agreement and sets a dangerous precedent in international trade. No satisfactory solution has yet been offered by Germany.

11. There are indications that for various political and economic reasons, the Germans are anxious to achieve a settlement at the Fourteenth Session and they have shown a disposition to move in the direction of meeting the concerns of GATT countries. The chances of achieving an

acceptable settlement seem better than at any time in the past or perhaps than they are likely to be in the future. The Germans are reported to be prepared to remove at an early date their restrictions on most items other than agricultural and related products. However, Germany does not seem to be prepared to reduce the general level of her extensive import restrictions on major agricultural commodities, not to take real measures to remove the discrimination now in effect in favour of other European countries.

12. The Canadian delegation should cooperate in working out a settlement of this important issue providing for the early removal of most German restrictions. If necessary the delegation should be prepared to agree to a waiver of short duration for a limited list of agricultural products which would provide for increasing access to the German market and the removal of discrimination. If it appears that a settlement cannot be reached on this basis a report should be made and further instructions requested.

(d) *The European Common Market*

13. The issues raised by the establishment of the European Common Market continue to be subject to detailed appraisal and examination by the Contracting Parties in the light of the terms and objectives of the GATT. The GATT provides the only world-wide forum where concerted pressure can be brought to bear on the Common Market with a view to influencing the development of its commercial policies in an outward-looking and non-restrictive direction.

14. A number of important developments in the European Common Market have taken place in recent months. The Common Market countries proceeded on January 1 of this year to the first reduction of tariffs (most but not all of which were extended on a MFN basis) and enlargement of quotas as among themselves. The six countries are now engaged in working out the level of their common external tariff for a number of products of importance to Canada such as aluminum, lumber, synthetic rubber and salt cod. The first long-term agricultural contract pursuant to the provisions of the Rome Treaty was recently concluded between France and Germany covering the delivery of French wheat and other grains to Germany over the next three years. In addition, consultations took place with the Six during and since the Thirteenth Session with respect to trade in certain commodities where the interests of certain countries could be damaged by the arrangements for the association of the French and Belgian overseas territories with the European Common Market. Canada participated in the consultations on tobacco.

15. It is recommended that the Canadian delegation, in cooperation with other interested countries, while indicating its sympathies with the political objectives of the Rome Treaty, should continue to press for safeguards and assurances concerning access to the Common Market for our exports and seek arrangements within GATT for continuing scrutiny of Common Market developments.

(e) *Canadian Tariff Negotiations Regarding Textiles*

16. In September 1957 the Minister of Finance referred the whole of the textile schedule to the Tariff Board for study and recommendations. To date the Board has submitted reports on woolen yarns and fabrics, cotton yarns and fabrics, cotton manufactured products and textile wastes. The Board has also held hearings on synthetic fibres and fabrics and its report is expected shortly. The Board still has to hold hearings on hosiery and knit goods, manufactures of wool, narrow fabrics, hats and caps and a number of miscellaneous items.

17. When presenting the Budget for 1959, the Minister of Finance explained that it was the Government's policy to initiate action on individual groups of items as soon as practicable after receiving the Board's recommendations. He went on to say that we are, however, bound to act within the framework of our trade agreements. The Textile Reference contains 200 tariff items of which 140 are bound in our GATT Schedule.

18. Under the GATT tariff rates are bound against increase for firm periods — usually three years. At the end of each bound period contracting parties have an opportunity to renegotiate items. However, Article XXVIII of the Agreement provides that "in special circumstances" a member may be authorized to enter into negotiations for the modification of tariff concessions during a bound period. Since the present bound period does not expire until the end of 1960, implementation of the policy of initiating action on the Tariff Board recommendations on textiles as soon as practicable will involve securing authority to enter negotiations before the present bound period ends.

19. An item has been placed on the Agenda of the Fourteenth Session requesting authority to renegotiate these textile items. The Delegation should make every effort to secure this authority. This would clear the way for the negotiations to proceed.

(f) *Lead and Zinc*

20. The U.S.A. claim that their lead and zinc restrictions are in accordance with the escape clause provisions of GATT (Article XIX), which in certain carefully defined circumstances, permit a country to take temporary emergency measures against imports which threaten serious injury to domestic industries. These GATT procedures provide for consultation with the countries affected by such emergency action and, if satisfactory agreement is not reached, authorize the countries adversely affected to take compensatory measures within a ninety-day period to restore the balance of the agreement (e.g. by increasing their tariff rates in a discriminatory manner against selected goods from the U.S.A.)

21. At the last GATT Session Canada and certain other countries expressed their serious concern about U.S.A. import quotas on lead and zinc. The Canadian Delegation expressed the view that these restrictions are unjustifiable and constitute an impairment of rights under the GATT. On Canadian initiative, the Contracting Parties at the last Session passed a resolution extending until the Fourteenth Session the period during which any such compensatory action might be taken by affected countries or parties.

22. In order to retain the right under GATT to seek compensation from the United States or to take compensatory measures at some later stage, the Canadian Delegation should seek to extend for a further period the time limit under Article XIX of the GATT during which such steps may be taken. In addition, the Canadian Delegation may in concert with delegations of other interested countries initiate GATT consultations with the United States with a view to maintain pressure for the removal of these restrictions and to counteract the possibility of their intensification.

(g) *Canadian Restrictions on Turkeys and Frozen Peas*

23. The United States has on repeated occasions expressed serious concern about the Canadian import restrictions on turkeys and the special customs values imposed on imports of frozen peas. There is a possibility that the United States may decide to raise formal complaints against Canada in the GATT on these issues unless satisfactory assurances are given as to modification of Canadian policy in this respect. Open discussion of these matters in the GATT

could prove embarrassing and could prejudice the Canadian Delegation's effectiveness in dealing with other much more important issues. The present restrictions on turkeys appear to be inconsistent with Canada's obligations under the GATT and have not been notified to the GATT under any of the relevant procedures. The continued need for special values on frozen peas are also open to challenge under the GATT.

24. The Canadian Delegation should seek to dissuade the United States from instituting formal complaints against Canada with respect to turkeys and frozen peas and should inform the U.S. Delegation that the need for these special measures is currently being reviewed by the Canadian Government. (The Department of Trade and Commerce is currently inquiring of other interested Departments about the possibility of doing away with these restrictions and depending on the outcome of these consultations, may be submitting a draft Memorandum to Cabinet for consideration by the Ministers concerned.)

(h) *French Restrictions on Synthetic Rubber*

25. About a year and a half ago France established a new system of priority import quotas for synthetic rubber which gave certain U.S. suppliers a preferred position relative to the Canadian supplier and limited Canadian access to the important French market. These priority quotas gave preferred treatment to U.S. suppliers who were prepared to use part of their proceeds from French sales to help finance a French synthetic rubber plant. At the urgent request of Polymer Corporation, the Canadian Government made strong formal protests to France expressing serious concern about this type of discrimination, urging that it was contrary to the GATT and warning that if the situation was not resolved satisfactorily Canada would consider taking compensatory measures against France in accordance with GATT procedures. The French Government formally rejected Canada's protest, claiming that their system of restrictions on synthetic rubber was fully consistent with the balance of payments provisions of the GATT and that in practice no real damage had been done to the Canadian supplier. In spite of this stand, and doubtless as a result of the pressures exerted by Canada, the French authorities have in recent months entered into negotiations with Polymer Corporation and agreement has now been reached whereby Polymer is assured of obtaining licences for at least their normal level of sales in the French market. As part of this arrangement Polymer is prepared to leave a portion of its earnings for use in France. It is understood that Polymer consider this to be a satisfactory solution to their problem.

26. While these arrangements would appear to remove Canada's complaint of damage to her trade, they do not of course resolve the issue of principle raised by the use of import restrictions for the purpose of inducing investment. This could assume great importance for Canada in concrete trade terms, as the Common Market develops, for Canadian firms could not compete with the larger U.S.A. firms in investing in Europe and could as a result be faced with trade restrictions.

27. This issue would raise complex legal issues in the GATT and a clear cut legal finding against France might not be easy to obtain. In circumstances where the damage has been remedied it would seem unnecessary for Canada to institute formal GATT proceedings against France at this time. It is recommended that the Canadian Delegation should inform the French Delegation at the GATT Session privately that the Canadian Government continues to be concerned over this issue of principle but that in view of the arrangements that have now been made to safeguard Canada's supplier position to the French market, it has been decided not to proceed with the institution of compensatory measures. The Canadian Delegation should also

use the opportunity provided by the Consultations on French balance of payments restrictions to register its view on the issue and to urge the elimination of discrimination in the French restrictive system and the removal of restrictions so far as these are no longer needed to safeguard the French balance of payments.

(i) *Yugoslavia and Poland*

28. Yugoslavia and Poland have both applied for association with GATT. The accession of state trading countries to GATT poses numerous and complex problems in the establishment of a satisfactory and meaningful exchange of rights and obligations with other Contracting Parties. However, there are advantages in encouraging a closer association of those countries with Western oriented institutions such as the GATT. Commercially, any meaningful steps towards multilateral non-discriminatory trading arrangements on the part of Poland and Yugoslavia would provide increased access to these markets for Canadian exports. Canada already accords MFN treatment to Yugoslavia and Poland. Their association with GATT would not require Canada to give them more favourable treatment than they now receive.

29. The Canadian Delegation should as in the past respond to these requests in a positive way and should make constructive efforts to achieve arrangements for association as approximate to full membership as possible. It is unlikely that a majority of Contracting Parties will be prepared to move very far in this direction at the present time. The Canadian Delegation should be prepared to support and accept at this Session formulas of association for Yugoslavia and Poland which are acceptable to a majority of the Contracting Parties, which are as meaningful as possible, involve an equitable balance of rights and obligations, and which do not prejudice the possibility of full membership at a later date should the trading systems of these countries make this possible.

(j) *Restrictive Business Practices in International Trade*

30. At the last Session of the GATT it was decided to appoint a group of experts to study and recommend whether, and if so how, the GATT should deal with restrictive business practices in international trade. This group of experts is scheduled to meet next June and to report to the GATT by the end of the year. It would appear desirable for Canada, without commitments at this stage, to participate in the work of this study group, since by so doing Canada will indicate her continuing interest in the principle of curbing restrictive business practices in international trade, and will have a hand in shaping any recommendations that may emerge. The Canadian Delegation should, accordingly, indicate that Canada is prepared to make available an appropriate official for participation in this group of experts.

[JOHN G. DIEFENBAKER]
Acting Secretary of State for External Affairs

[GORDON CHURCHILL]
Minister of Trade and Commerce

[DONALD FLEMING]
Minister of Finance

64. DEA/14057-3-14

La délégation à la Conférence sur le GATT
au secrétaire d'État aux Affaires extérieures

Delegation to GATT Conference
to Secretary of State for External Affairs

TELEGRAM 435 Geneva, June 1, 1959

CONFIDENTIAL. PRIORITY.
Reference: Your Tel ET-718 May 28.†
Repeat T&C, Finance, Agriculture, Bank of Canada, Bonn, Washington, NATO Paris, russels, London (Information).

GATT — GERMAN IMPORT RESTRICTIONS

On final day of Session, Contracting Parties granted Germany a waiver along the lines reported in our telegrams 378 May 26† and 408 May 28† by a vote of 30 for and none against with two abstentions (New Zealand and Czechoslovakia). Canada voted in favour. The terms of the waiver and the report are contained in document L/1004, Corr.1 and Add.1.

2. The main points in this waiver are as follows:

(a) duration of waiver is for three years effective immediately;

(b) Contracting Parties take note of German commitments to liberalize a range of industrial and agricultural items over this period;

(c) Contracting Parties waive Germany's obligations under Article XI of GATT with respect to main marketing law commodities and list of other agricultural items (e.g. canned fruit and apples) but there are no firm commitments either for increased access or for liberalization of these products. Germany is obligated to apply its restrictions in conformity with Article XIII and to consult with interested supplying countries with respect to the establishment of country quotas;

(d) Germany undertakes to initiate consultations with respect to restricted Asian goods but there are no firm commitments for liberalization of these goods;

(e) the waiver incorporates provisions for annual review and consultations.

3. USA played key-role in the negotiation of this waiver. From the beginning it was clear they were determined to reach settlement during session. Nevertheless, for most of session USA pressed for meaningful commitments and conditions on all important points and Beale personally played an active part in the discussions. However as time ran out and Germany continued to refuse to give ground USA concentrated its efforts on finding formulation of terms which would meet German viewpoint and make it more palatable to certain other Contracting Parties. Beale told us privately that in USA view settlement of German problem in GATT was essential at this time in view of current political situation and he urged us not to press our views to the point of making settlement impossible.

4. The position of other important Contracting Parties was as follows: UK had conflicting considerations in mind. In terms of their direct trade interests they felt this was a marginal problem (e.g. jams and marmalade, Hong Kong goods). At the same time UK were anxious to keep in line with leading Commonwealth countries and sought to give us general support. However UK were also concerned not to prejudice their position vis-à-vis other European

countries both in terms of their bilateral agreements, in terms of little Free Trade Agreement, and in terms of their own future position on restrictions. Thus the UK role in these negotiations was on the whole unhelpful and in the last few days USA, Australia and ourselves felt it unnecessary to exclude UK in our private discussions with the Germans.

5. Australians and ourselves were the two delegations which most actively and consistently pressed for GATT-like solutions embodying firm commitments on the important points (e.g. the terms agreed at London). Sir John Crawford was particularly effective. Most other Contracting Parties were either passive or, as in the case of New Zealand, Denmark, India and Japan, pressed strongly on particular points of direct interest to them (e.g. New Zealand and Denmark pressed for increased access and India and Japan for consultations and ultimate liberalization for Asian goods). The Australians developed and pressed the two-stage concept (final approval of the waiver at Tokyo session following consultations on country quotas) as only means they could find to obtain assurances about Germany's application of non-discriminatory obligations. Germany partly met this pressure by bringing Gebhard (German wheat expert) to Geneva to discuss a satisfactory wheat quota for Australia. We understand Australians are reasonably satisfied but have been unable to learn details.

6. One of the points which came out was the fact that the Six became concerned lest the terms of the waiver might interfere with Germany's participation in working out a common agricultural policy in the EEC and they sought to make specific provision in the waiver to permit Germany to have discriminatory Quantitative Restrictions in favour of Six under cover of Article XXIV. While we succeeded in avoiding any specific reference to Article XXIV in the waiver, the Germans made it clear that they would interpret the waiver as leaving them free to comply with their Rome Treaty obligations.

7. It became clear on the final day that there would not be a representative group of countries abstaining from the vote on the German waiver. Further the terms of the waiver while unsatisfactory were not substantially weaker than we had anticipated and reported in our message 408 May 28. Therefore in the light of your instructions we voted in favour. We accompanied our vote by a strong statement which briefly stressed our concerns about the German problem, explained our doubts about the terms of the waiver but went on to stress the importance of Germany making substantial progress within the framework of the waiver to meet its obligations under GATT. The USA and particularly Australia also made strong statements. We are summarizing main points of these statements in a separate message.†

68. DEA/14057-3-14

La délégation à la Conférence sur le GATT
au secrétaire d'État aux Affaires extérieures

Delegation to GATT Conference
to Secretary of State for External Affairs

TELEGRAM 437 Geneva, June 1, 1959

CONFIDENTIAL. PRIORITY.

Repeat T&C, Finance, Agriculture, National Revenue, Bank of Canada, Washington, London, NATO Paris, Paris, Brussels, Bonn, Rome, Hague, Permis New York (Information).
By Bag Canberra, Tokyo, Wellington, Berne from London.

GATT — 14TH SESSION — FINAL WEEK

Fourteenth Session ended Saturday, May 30. Decision on German restrictions, reports on review of balance of payments restrictions and on consultations with South Africa, UK, France and New Zealand were major items considered. We are reporting separately by telegram on question of venue and administrative arrangements for 1960-61 Tariff Conference and by letter on programme of GATT meetings approved by Contracting Parties for period June-December 1959.

2. *German Import Restrictions* - Contracting Parties granted Germany a waiver along lines reported in our telegrams 378 May 26† and 408 May 28,† by a vote of 30 for to none against with two abstentions (New Zealand and Czechoslovakia). Canada voted in favour. We are reporting on these developments in more details in a separate message.

3. *Rome Treaty: Article XXII Consultations* — A series of meetings took place at which agreement was finally reached on the minutes of the consultations with the Six which took place last February on products affected by the Association of Overseas Territories with the Common Market. In plenary discussions the representative of the EEC made an intransigent statement along familiar lines, but indicated willingness to resume consultations on products already considered, and to consult on further products. Australia at same meeting proposed consultations on lead, zinc and aluminum. They envisage these to take place about next September. You will no doubt wish to consider joining in these.

Notion of a package deal with Six on mitigation of damage to trade of outsiders in affected products has been shelved after Commonwealth discussions here indicated complexity of project. UK delegation produced several papers on matter, looking forward to possible joint efforts next year to obtain mitigation of damage from Six. Latest UK paper will be circulated to Commonwealth governments for consideration through usual channels.

UK delegation were accompanied by Colonial advisers including West Indies. We participated actively in discussions on AOT's and have suggested item be on agenda for Tokyo session. USA sought to tone down nature of discussion of this subject.

Following debate on whether the Rome Treaty should appear on the agenda of GATT session, Contracting Parties agreed on conclusions as stated by Chairman. Whenever Six decide to present a report on developments in the EEC, question will be included on agenda at their request. Contracting Parties are to be informed well in advance of Six's intentions so that if no report is to be made by them, any Contracting Parties can decide to ask for inclusion of this matter on agenda.

4. *Membership* — (a) *Yugoslavia.* Working Party report, declaration and decision contained in Document L/986 were approved by Contracting Parties on May 25, with 32 votes in favour. Main features of formula adopted are (i) commitment by Yugoslavia to apply GATT to extent trading system permits and to move towards situation where full compliance with GATT can be effective; (ii) commitment by Contracting Parties to apply GATT to extent that Yugoslavia applies it in relations with them; (iii) provisions for consultations on complaint; and (iv) annual review of progress. Declaration is now open for signature.

(b) *Israel.* Working Party report, declaration and decision contained in Document L/992 were approved by Contracting Parties May 29 by vote 32-0. Instruments provide for provisional accession of Israel with almost full rights of Contracting Party and status comparable to that of Switzerland. Full accession will follow tariff negotiations under Article XXXIII, which will take place at beginning of 1961. Pakistan and Indonesia abstained. Declaration now open for signature. We assume you will wish to give early consideration to signing of two declarations on Yugoslavia and Israel.

(c) *Poland.* Working Party was established to consider Polish application, composed of 14 countries including USA, UK, Canada and also Czechoslovakia. Working Party will hold its first meeting in Geneva August 31 to September 4. UK propose to convene informal meeting of interested Western countries in London, in advance of Working Party meeting probably early August. Timetable and failure to have meeting of Working Party during session are explained by USA attitude. USA delegate was not authorized to discuss substance. USA policy on this matter which is highly controversial among USA departments concerned is unlikely to be given much consideration in Washington until August or September. UK were likewise lukewarm to early action, and on other side, Australia was unwilling to settle now for glorified observer status, lacking any meaningful obligations on part of Poland. Question for Canadian considerations will be best way to influence USA to reach positive decision at early date, so that Contracting Parties can decide on Polish application at 15th Session.

5. *Expansion of Trade* — (a) *Committee I (Tariffs).* The Committee is scheduled to meet again from August 31 to September 9. We will report on the progress of this committee and the problems still facing it in a separate telegram.

(b) *Committee II (Agricultural Protectionism).* Report of Committee II was approved and Secretariat prepared further details of plans for consultation (Com.II/4). First group of consultations will be held in last half of September 1959 and will include Australia, France, Netherlands and UK. Asian countries will consult during Tokyo session. Further consultations will be held last half of January and on March 1960. Canada will be included in March group. Progress report will be submitted at Tokyo session.

(c) *Committee III.* Further meeting of Committee III was held and agreed on a first list of about ten products on which the Secretariat will prepare papers based on memos to be submitted by less developed countries, indicating main trading difficulties encountered, as well as information to be provided by all Contracting Parties, indicating treatment given these products. You can therefore expect to receive soon questionnaires (Reference Annex to Com.III) for these products. Secretariat studies will be considered at next meeting of committee to take place Geneva September 28-October 6.

6. *Balance of Payments Consultations* — Consultations under new procedures were conducted continuously throughout session. They were very satisfactory and reports underline effectively main points in import licensing systems on which action on part of consulting countries may be expected. General point that external convertibility has removed payments distinction between currencies and hence ground for trade discrimination is repeatedly emphasized. Netherlands delegation undertook to report further on remaining QR's at 15th Session. USA delegation and ourselves warmly welcomed new UK liberalization moves.

7. *Miscellaneous* — (a) *Chilean and Nicaraguan Import Charges.* Chilean request for imposing surcharges on bound products was approved unanimously in short-term waiver calling for their complete elimination before January 1, 1961. Loop surcharges which are being imposed to replace present prior deposit system and import prohibitions are expected to be absorbed at that time in new Chilean tariff. Request by Nicaragua to increase bound duties has been deferred to 15th Session. (L/983).

(b) *Freedom of Contract in Transport Insurance.* Recommendation to the effect that Contracting Parties should endeavour to avoid measures that would have a restricted effect on international trade was approved after lengthy debate in which some 25 representatives took part. Recommendation is weaker than one originally proposed. We supported recommendation and deplored fact that countries could not accept a stronger one. India supported by six other under-developed countries opposed recommendation, claiming that they need national insurance institutions in order to save foreign exchange, and provide employment. Other under-developed countries such as Greece, Turkey and Peru voted in favour. (L/923).

(c) *South Africa, Rhodesia and Nyasaland Tariff Preferences.* As trade agreement between the two countries comes to an end June 30, 1960, Rhodesia and Nyasaland and South Africa asked Contracting Parties for ruling confirming their understanding that under GATT decision of December 3, 1955 they were free to increase margin of preference on unbound products for protective and fiscal reasons. Contracting Parties in their conclusions recorded in SR.14/2 expressed serious doubt as to validity of this interpretation and indicated that question could at request of countries concerned be examined at 15th Session.

(d) *Discrimination in QR's.* During consultations with South Africa on balance of payment restrictions, it was brought out that goods imported from Federation of Rhodesia and Nyasaland were free of all import restrictions while same goods from other countries were subject to restrictions. South Africa claimed that this discrimination in favour of Rhodesia and Nyasaland arose from their trade agreement with this country and had been sanctioned by Contracting Parties in decision of December 3, 1955. We contended with support of USA, that this decision included no indication of (express) approval of such discrimination (L/1001).

(e) *Japan - Article XXXV.* Japanese representative once again denounced application of Article XXXV vis-à-vis Japan by thirteen countries. He stressed what he called "misunderstanding" of Japanese trading policies and of serious Japanese efforts to ensure orderly marketing. It was agreed, at his request, that item would be placed again on agenda of 15th Session. We strongly supported Japanese statement.

(f) *USA Import Restrictions on Lead and Zinc.* At request of Canada, further extension to end of 15th Session of time-limit was approved without dissenting voice whereby Contracting Parties may take compensatory action. We stated for record our view that consultations envisaged in Article XIX with a view to seeking solution have not actually started between Canada and USA. Our remarks were supported by Australia and Peru. (W.14/22).

8. *Tokyo Session*. Fifteenth Session is scheduled for October 26-November 21 in Tokyo, on understanding ministerial meeting will occupy first week of session. Many delegations, including USA delegation, indicated their ministers were already planning to attend or that their ministers would be urged to do so. Wyndham White suggested ministerial agenda might include (a) current trends in international trade in light of recent European convertibility moves and related developments; (b) progress on GATT programme of expansion of trade; and (c) major items of Fifteenth Session agenda such as Rome Treaty.

SECTION B

QUINZIÈME SESSION DES PARTIES CONTRACTANTES
FIFTEENTH SESSION OF THE CONTRACTING PARTIES

66. PCO

Note du ministre du Commerce, du ministre des Finances et du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Minister of Trade and Commerce, Minister of Finance, and Secretary of State for External Affairs to Cabinet

DOCUMENT NO. 303-59 [Ottawa], October 13, 1959

CONFIDENTIAL

INSTRUCTIONS FOR THE CANADIAN DELEGATION
TO THE FIFTEENTH SESSION OF GATT

A. GENERAL COMMENTS AND REPRESENTATION

1. The Fifteenth Session of the Contracting Parties to the General Agreement on Tariffs and Trade will open on October 26th in Tokyo and will last four weeks. It will be one of the regular Sessions of the Contracting Parties to administer the Agreement and seek solutions to general and particular trade problems. Another task of the Contracting Parties at this Session will be to review the progress made in the implementation of the programme for expansion of trade launched by the Contracting Parties following the Ministerial meeting held last October.

2. In conjunction with this Session, a meeting of Trade Ministers is to be held October 27th to 29th. A number of countries will have a Ministerial Representative. The United States will be represented by Mr. Douglas Dillon, the Under Secretary of State, a position which is regarded as Ministerial level in their system. Cabinet has decided that Canada will be represented by the Hon. Leon Balcer, Solicitor General of Canada. Because of the proximity of elections, it is understood that the United Kingdom will not be represented by a Minister.

3. It is recommended: That a Canadian Delegation should attend the regular Session; that Mr. J.H. Warren, Assistant Deputy Minister, Department of Trade and Commerce, should be Chairman of the Canadian Delegation; that Mr. S.S. Reisman, Director, International Economic Relations, Department of Finance, should be Alternate Chairman; that Mr. L.D. Wilgress should be a Special Adviser and that the following officials should also be included in the Delegation: C.A. Annis, Department of Finance, O.G. Stoner, Department of External Affairs;

A.E. Richards, Department of Agriculture; V.L. Chapin and W. Lavoie, Department of Trade and Commerce; L.C. Howey, Department of National Revenue. Also included in the Delegation will be a member from the Canadian Permanent Mission in Geneva and one from the Canadian Embassy in Tokyo, who will act as Secretary to the Delegation. Other officers of the Embassy will be included in the Delegation, as required. In addition to serving on the Delegation, officers of the Departments of Trade and Commerce, National Revenue and Finance will be expected to take advantage of being in Japan to deal with a number of matters connected with the activities of their respective departments.[46]

B. MINISTERIAL MEETING

4. The Ministerial meeting will give Ministers an opportunity for a general exchange of views on current trends and problems in international trade and trade relations, including the forthcoming general round of tariff negotiations. Particular attention will be given to the question of discriminatory import restrictions still maintained by various GATT countries; to problems in agricultural trade and the implications of regional trade arrangements. In addition, Ministers statements will deal with certain of the main agenda items.

C. AGENDA: QUESTIONS OF PARTICULAR INTEREST TO CANADA

(a) *Quota Restrictions and Discrimination*

5. It is almost a year since the introduction of external convertibility by the major trading currencies. There has since been substantial improvement in the financial position of most GATT members, particularly the United Kingdom and other European countries, and it is important that these new circumstances should be recognized in the trade field through the speedy elimination of discrimination and the further relaxation of non-discriminatory restrictions, in accordance with improvements in balance of payments positions. Progress has been made in this direction but a good deal remains to be done. The United States Government have initiated a major drive against trade discrimination and quota restrictions. High-level representations have been made by the United States in all important European capitals and London and Tokyo, urging these countries to end dollar discrimination. We are informed that the United States delegation at the Tokyo Session will follow up these representations vigorously. Moreover, prior to the 15th Session, the International Monetary Fund is expected to reach an important general decision that balance of payments justification of discrimination has disappeared.

6. It is recommended that the Canadian Delegation join with like-minded countries to press strongly for the speedy elimination of discrimination and the further reduction of quantitative restrictions generally, in accordance with the international obligations of the GATT and IMF. Many of the issues being considered at the GATT Session, such as the question of German import restrictions, the balance of payments consultations, trade in agricultural products and the implementation of the Rome Treaty, involve the question of discrimination. In all these deliberations the Delegation should oppose discrimination, particularly, of course, against Canadian goods.

7. Consultations are to be held in Tokyo on the restrictions still being maintained for balance of payments reasons by Norway, Sweden, Australia, the Federation of Rhodesia and Nyasaland, Malaya and Japan. Canadian representatives should participate actively in these

[46] Approuvé par le Cabinet le 17 octobre 1959./Approved by Cabinet on October 17, 1959.

consultations, should press for substantial and rapid progress in the removal of quantitative restrictions and the elimination of discrimination against Canadian goods.

(b) *German Import Restrictions*

8. At the last Session, Germany was granted a special dispensation from GATT obligations for the continued maintenance of certain import restrictions, mainly in the agricultural field. This waiver was granted for a period of three years and included an undertaking by Germany to make further progress in the relaxation of many of its restrictions and to consult with countries regarding their interests in the German market for the products affected. This Session will provide the first opportunity to scrutinize the measures taken by Germany under the terms of the waiver. The continued maintenance of these restrictions by Germany involves an important point of principle and could set the pattern for developments in other countries emerging from balance of payments difficulties. The German case may also constitute a dangerous precedent for the maintenance of restrictions by Common Market countries, particularly in the field of agriculture. Canada has a direct interest in a number of items affected, among which are wheat, canned fruits and vegetables, frozen and canned pork and fresh apples.

9. It is recommended that the Canadian Delegation, in concert with other Contracting Parties, should participate actively in the examination of German compliance with the terms and conditions of the waiver. In particular, the Delegation should review closely the progress made by Germany in implementing its undertaking to remove restrictions on a wide range of listed items and the measures taken by Germany to provide increased access to the German market on a non-discriminatory basis. The Canadian Delegation should be further authorized to enter into consultations with the German delegation with a view to obtaining improved access for Canadian goods affected. In these discussions and consultations, the Canadian Delegation should keep in mind the importance of safeguarding Canada's interest in the German market for wheat.

(c) *Arrangements for Tariff Negotiations*

10. At the last Session it was decided to hold another round of general tariff negotiations to commence September 1960. These negotiations will embrace the following:

(1) Negotiations for new concessions;

(2) Re-negotiations by countries who wish to modify existing concessions;

(3) Negotiations with members of the European Economic Community related to the establishment of their common tariff;

(4) Negotiations with new members of the GATT (Israel).

The Canadian Government has recently announced that it will participate in this tariff conference.

11. At the forthcoming Session the Contracting Parties will consider rules for the conduct of the tariff negotiations. These rules deal with such matters as the objective, scope and methods for the negotiations and how the tariff conference is to be administered. The proposed rules are for the most part non-controversial and similar to those used in past negotiations, with certain additions to cover re-negotiations with the European Economic Community. These rules are satisfactory from the Canadian point of view and the Canadian Delegation should support them.

12. The Contracting Parties will also consider an Australian proposal that the negotiating rules be expanded to provide for the negotiation of tariff concessions against non-tariff barriers, i.e. subsidies, certain quotas and internal taxes. Australia believes that if trade measures of this kind were made negotiable, efficient agricultural producers could secure better access to markets of the industrial countries. While the Australian objectives are commendable, it is doubtful that the Australian proposal would contribute to their achievement, or be acceptable to the C.P.'s.

(i) *Quotas:*

The GATT allows import restrictions on farm products if they are necessary to enforce governmental measures which operate to restrict domestic production or to remove a temporary domestic surplus. The Australian proposal is that such quotas should be made negotiable. If such quotas became negotiable, it is feared that an incentive would be created to establish or maintain them for bargaining purposes. Accordingly, the Canadian Delegation should oppose this proposal.

(ii) *Subsidies:*

If a country wishes to negotiate the level of its subsidies there is nothing in the GATT to prevent this. However, there is at present no obligation to do so. The Australian proposal is that the rules should provide explicitly for negotiations respecting subsidies. Adoption of this proposal would mean that a country could make negotiations on subsidies a condition for concluding a tariff agreement. United States laws prevent it from negotiating subsidies. The United Kingdom is unlikely to support the proposal. The main European countries are also likely to oppose it. In these circumstances, it does not appear necessary for Canada to decide now its policy on the substance of this difficult issue. Canada could support the continuation of the present situation described above.

(iii) *Internal Taxes:*

The less developed countries are concerned over the very high internal taxes imposed by West European countries on primary tropical products such as coffee, cocoa and tea. Australia has proposed that the negotiating rules make such internal taxes negotiable. Canada does not impose internal taxes on coffee, tea or cocoa, so that this proposal would not appear to raise difficulties. The Canadian Delegation should support this proposal, provided it is clear that it would not involve Canada in negotiating concessions with respect to traditional revenue taxes on wines, spirits and tobacco.

13. A related Australian proposal is to introduce a new obligation requiring that a country wishing to apply any trade measure which impairs a tariff concession should first negotiate compensation under the existing GATT provisions relating to the withdrawal or modification of tariff concessions. This is a far-reaching proposal for the amendment of the Agreement, and will be opposed by many countries. Moreover, it is doubtful if it can be applied in practice. The Canadian Delegation should not support this proposal.

(d) *The European Common Market*

14. The issues raised by the establishment of the European Common Market continue to be subject to detailed appraisal and examination by the Contracting Parties in the light of the terms and objectives of the GATT. Important developments are expected to take place in the next few months. The Common Market countries have undertaken to announce most of the rates of duty proposed for their Common External Tariff by the end of the year. The countries concerned are currently working out the rates to be established on a number of items of major interest to Canada, such as aluminum, lumber, synthetic rubber, lead and zinc, pulp and salt cod. The

Canadian Delegation will be pressing for the lowest Common Market tariff on these items. The Canadian Delegation will cooperate with other like-minded delegations to this end. With respect to the problems raised by the preferential arrangements in favour of the French and Belgian Overseas Territories with the European Common Market, joint consultations with the Six are now proceeding with a view to finding satisfactory solutions to these problems. Canada will be participating in the consultations on aluminum, lead and zinc which are due to take place in December.

15. The major area of uncertainty remains the Common Market agricultural arrangements. The countries of the Community are at present working out proposals for a common agricultural policy based on principles provided for in the Rome Treaty, and decisions and recommendations in this field may be made before the end of the year. It is expected that these proposals will include long-term marketing arrangements to govern the trade in wheat and other grains among the Six, and an extensive system of minimum prices for other products which could be seriously restrictive of trade. Canada has a great interest in European agricultural policy since more than 35 per cent of Canada's sales to the Six comprised farm products, including wheat, coarse grains, seeds, tobacco and vegetable oils.

16. It is recommended that the Canadian Delegation, in cooperation with other interested countries, should indicate Canadian sympathies with the political objectives of the Rome Treaty but should continue to press for safeguards and assurances concerning access to the Common Market for our exports. The Canadian Delegation should make clear Canada's interests in agricultural policies of the Six and should urge the Six to avoid policies which could adversely affect the trade of Canada and other outside countries. The Delegation should press for a general review of the proposed agricultural arrangement of the Common Market immediately that their plans have been worked out.

(e) *European Free Trade Association*

17. While this item is not on the Agenda, it will probably give rise to some discussion during the Tokyo meetings. In this event, the Canadian Delegation should be guided by the instructtions to the Canadian Delegation to the recent meeting of the Commonwealth Economic Consultative Committee, as appropriate to the GATT forum.

(f) *Brazilian Market for Codfish*

18. In the context of recent negotiations under GATT arrangements were made for the sale of Canadian codfish to Brazil. However, it was not possible to obtain a firm Brazilian undertaking to provide continuing access for this commodity. It is recommended, therefore, that the Canadian Delegation should explore with the Brazilian Delegation at this Session the question of further sales of Canadian codfish in the Brazilian market.

(g) *Lead and Zinc*

19. The United States continues to maintain restrictions against imports of lead and zinc. Last year Canada reserved its right under the GATT with respect to these commodities. It is recommended that these rights be further reserved at the 15th Session.

(h) *Other Items*

20. There are many other items on the Agenda not dealt with in these instructions. For these items, the Canadian Delegation should be guided by the instructions for recent GATT Sessions, and, more generally, should seek to safeguard and promote Canada's trade interests.

[GORDON CHURCHILL]
Minister of Trade and Commerce

[DONALD FLEMING]
Minister of Finance

[H.C. GREEN]
Secretary of State for External Affairs

67. DEA/6000-P-40

La délégation à la Conférence sur le GATT
au secrétaire d'État aux Affaires extérieures

Delegation to GATT Conference
to Secretary of State for External Affairs

TELEGRAM GT-23 Tokyo, November 20, 1959

CONFIDENTIAL. PRIORITY.
Reference: Our GT-13 Nov. 9.†
Repeat London, Washington, Paris, NATO Paris, Geneva, Brussels, Bonn from Ottawa, Finance, Bank of Canada, PCO, Agriculture, National Revenue (Information).

APPRAISAL OF GATT 15TH SESSION

The Tokyo Session marked the end of the long period when the maintenance of dollar restrictions was the main issue in GATT. Some dollar discrimination remains to be eliminated but the Contracting Parties have accepted the proposition advanced by the USA and Canada that such residual discrimination should now be quickly removed. They have also called for dismantlement of QR's generally as balance of payments positions improve.

2. Now that the cover of balance of payments difficulties is being withdrawn for many countries, attention is being directed to some basic and long standing problems previously masked by restrictions maintained for payments reasons. Of these, the question of agricultural protectionism and of low-cost manufactured imports are of particular importance for GATT. At Tokyo Session the problem of low-cost imports was in the forefront.

3. The issue which emerged is whether the industrialized countries are prepared to accept a reasonable measure of competition from low-cost imports of manufactured goods. Two contrasting views were advanced. India and Japan, as might be expected, argue that any competitive advantage they enjoy arising from low wages is not repeat not essentially different from competitive advantages others enjoy arising from different cost factors such as technical efficiency or capital and resource availability. They recognize that large sudden and concentrated inflows or particular products may disrupt established markets in importing countries and create serious social and political difficulties. They contend, however, that provisions of GATT offer a framework within which these difficulties can be resolved. The European Six, on the other hand, and particularly France and Germany, while alleging that they are prepared to accept a gradual increase in imports of low wage products, insist that GATT rules should be changed to provide them with legal cover to restrain imports from low-wage

countries. The USA took the initiative at this Session in placing the problem of low cost imports before the Contracting Parties, but seemed uncertain in which of the above directions a solution should be tilted. We have been unable to ascertain whether this was merely the result of unwieldiness of the Washington machine, or arose from genuine puzzlement as to the appropriate policy. The Contracting Parties were unable to find an agreed approach and the question will be taken up again at the next session.

4. As at all recent sessions, problems arising from agricultural protection occupied a good deal of attention. However, apart from a carefully hedged indication by the USA delegate that the USA might be able to rely less on QR's in the future, no repeat no significant new developments can be reported. The Australians finally succeeded in including subsidies and Article XI(2)(c) quantitative restrictions among items which may be regarded as negotiable at the next Tariff Conference, but all the major importers have made it clear they would not repeat not be prepared to negotiate in these fields.

5. An interesting feature of the Session was the display of unity and confidence by the Six. The virtually unqualified support which the USA is now according the Common Market showed itself on a number of issues and is of course a factor of considerable importance in the balance of power in the GATT. The discussion of the Common Market again revealed the concern that exists over a number of issue (e.g. agriculture, the tariff level on list G items, and the AOT arrangements). However, as these issues were not repeat not ripe for detailed consideration the debate was not repeat not extensive.

6. Discussion of EFTA was in a very low key. Intersessional procedures have been agreed which will permit a full examination of the EFTA Convention at the Sixteenth Session. Sweden acted as spokesman for the Seven.

7. The Session have indicated that the less developed members increasingly regard GATT as a useful instrument for advancing their trade and economic interests. However, the fact that there were few other issues of importance at the Session may have given undue prominence to the contentions and problems of the underdeveloped countries. Most of the industrialized countries have paid lip service to the need to extend special treatment to exports from underdeveloped countries. On specific issues, however, they have shown little willingness to give ground.

8. It is of interest that the underdeveloped countries as a group insisted that exports of their manufactured goods should not repeat not be subject to discriminatory restrictions, although in practice only a few (e.g. India and Hong Kong) are at present able to export such goods. In this, the underdeveloped countries and Japan made common cause even though Japan must be regarded as an industrialized country. Japan had hoped that holding the session in Tokyo would increase pressure on other countries to accord them full GATT treatment. In this they must have been disappointed. Visiting delegations found that Japanese industry was not repeat not only low wage, but was also highly efficient and technically advanced. Apprehensions about Japanese competition seem to have increased rather than decreased. Also, there was a marked reaction by GATT members generally to the highly restrictive Japanese import policy, and much pressure has been exerted on Japan, especially by the USA, to open its market.

9. Although the arrangement for Polish relations with GATT were approved and the Yugoslav association has now been signed by the necessary two thirds of Contracting Parties, the basic problems of relations with state trading countries were not repeat not taken up at this session.

10. The UK delegation played a conspicuously ineffective role. Its delegation was weakly manned, and it appeared that as a matter of tactics the UK was anxious to lie low, offend no repeat no one and do nothing that might prejudice their priority objectives in Europe.

11. Apart from the decision to include certain internal taxes and subsidies in the negotiating rules, which is unlikely to have a practical impact on the negotiations, there were no repeat no new developments regarding next year's Tariff Conference. The scope of the negotiations therefore remains unclear. We may expect that the submission of the common external EEC tariff and the completion of the EFTA agreement will help to clarify the uncertainties by next spring.

12. The next Session seems likely to have a heavily agenda, including consideration of the EFTA treaty, EEC agricultural plans and tariff levels, the scope of the Tariff Conference, the low cost imports issue, the possibility of negotiations with Poland, and some important organizational questions.

4e PARTIE/PART 4

ACCORD INTERNATIONAL SUR LE BLÉ
INTERNATIONAL WHEAT AGREEMENT

68. DEA/4171-D-40

Note des instructions à la délégation canadienne

Memorandum of Instructions to Canadian Delegation

CONFIDENTIAL Ottawa, January 19, 1959

CANADIAN OBJECTIVES IN A NEW INTERNATIONAL WHEAT AGREEMENT TO BE NEGOTIATED AT THE SECOND SESSION OF U.N. WHEAT CONFERENCE[47]

The principal purpose of the International Wheat Agreement is the assurance of markets to exporting countries and of supplies to importing countries at prices fair to both producers and consumers. From the stand-point of the exporting countries the Agreement should provide for an effective assurance of markets through the commitment of importing countries to purchase the maximum of their import requirements from exporting member countries within a price range acceptable to both exporting and importing countries. This is the most important objective to Canada. The I.W.A. should afford an assurance to Canada to sell commercially about 250 million bushels (7 million metric tons). In this connection, it is very important that the Canadian Delegation should endeavour to collaborate with representatives of the United Kingdom in arriving at a common approach towards an International Wheat Agreement which will ensure the participation of the United Kingdom. Having regard to these objectives, the Canadian Delegation should proceed along the following lines:

(a) *Quantities*

(i) Importing countries should undertake to obtain, so far as possible, all their import needs from exporting member countries. It should be recognized, however, that certain importing countries have contracted, or are likely to enter, into arrangements whereby they would be committed to import part of their requirements from exporting non-member countries, and that the currency of these arrangements may overlap with the term of the I.W.A. To ensure protection for the exporting countries' interest, therefore, importing countries should -

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[47] Le 19 juin 1958, le Cabinet a autorisé la délégation du Canada au Conseil international du blé à exprimer la volonté du Canada de participer à une conférence internationale pour renégocier l'Accord international sur le blé. En octobre de la même année a eu lieu une brève conférence où l'on a surtout discuté de principes et de questions concernant les accords existants et les accords proposés. Des instructions ont alors été rédigées en vue de la deuxième session, qui allait s'ouvrir en janvier 1959. Le Cabinet n'a pas eu le temps de délibérer sur ce mémoire avant le début de la conférence; le ministre du Commerce a proposé que la délégation suive les instructions des ministres concernés plus particulièrement.
On June 19, 1958, Cabinet authorized the Canadian Delegation to the International Wheat Council to indicate Canada's willingness to participate in an international wheat conference to renegotiate the International Wheat Agreement. In October of that year, a short conference was held primarily to discuss principles and questions relating to the existing and proposed agreements. Instructions were then prepared for the second session, which began in January 1959. Cabinet did not have time to consider this memorandum before the conference began; instead, the Minister of Trade and Commerce proposed that the Delegation act on instructions from the Ministers particularly concerned.

either

on the lines of paragraph 1(i) of Article VII of the International Sugar Agreement, specify in an Annex (A) to the Agreement, the total quantities which they are committed to import from non-member exporting countries and also to undertake not to exceed these specified quantities during the currency of the Agreement. In the determination of these specified quantities account should be taken of, *inter alia*, the total quantities imported over a representative period;

or

as an alternative, consideration might be given to an undertaking by the importing countries to purchase the highest possible percentage of their import requirements from the exporting countries. While this alternative has the merit of setting out obligations in a positive manner, it would be less desirable for the following reasons: first, the obligations are not clear and specific: the percentage would not be uniform and would be related to undefined quantities within and outside the Agreement; secondly, it is difficult to establish whether these obligations have been fulfilled until well after the end of a crop year, which, in the case of the final crop year, would be after the Agreement has expired; lastly, in order to determine whether obligations have been fulfilled vis-à-vis the percentage of purchases outside the Agreement, it would be necessary for each importing country to report all its purchases which might be impracticable from an administrative point of view: indeed, the United Kingdom may have difficulties in requesting its trade to report all its transactions to the government authorities which would in turn report these to the Council.

In the case of either of these alternatives, importing countries would notify the Council at the beginning of each crop year of their total commercial requirements from the exporting countries for that crop year. If these commercial requirements are realistically estimated they should not fall below a total of 750 million bushels (20 million metric tons).

(ii) *Obligations of Importing and Exporting Countries.* The obligations of importing countries should take effect when prices are *below* the maximum price; when prices are *at* the maximum, the obligations of the exporting countries would be limited to the average of total commercial purchases of the importing countries from the exporting countries during the previous three crop years and would be divided on a pro rata basis.

(iii) In the event of any importing country being prevented by the necessity to safeguard its balance of payments or monetary reserves from carrying out its undertaking in a particular crop year, it may apply to the Council for relief from the whole or a part of this undertaking on the submission of all the relevant facts and any other additional information which may be required by the Council. In dealing with such applications the Council shall seek and take into account, together with all the facts which it considers relevant, the opinion of the International Monetary Fund, as far as the matter concerns a country which is a member of the Fund.

(b) *Price*

Importing countries have been critical in the course of discussions at the First Session of current export pricing policies. As evidence indicating inadequate price flexibility, importing countries pointed to the fact that in the face of very heavy stocks, prices at which international transactions take place were not allowed to fall to the minimum. As a safeguard against price maintenance by exporting countries, importing countries will seek, therefore, either to secure a lower price range or some provision which would provide for greater price flexibility.

It should be pointed out that from Canada's standpoint export prices have not been inflexible: for instance, the average price of No. 1 Manitoba Northern wheat fell from (U.S.) $1.91 in 1953/54 to about (U.S.) $1.66 in the first half of 1958/59; in the same period the

spread between No. 3 and No. 1 Manitoba Northern widened from 8 cents to 13 cents, and the spread between No. 4 and No. 1 Manitoba Northern widened even further from 13 cents to 24 cents.

The price question should be considered in its two aspects: first, the price range; and, secondly, the movement of prices within the range.

(i) *On the Price Range*; There should be no change from the present, namely maximum price $2.00, minimum price of $1.50 Canadian currency per bushel at the parity established by the IMF on March 1, 1959. It should be noted that with appreciable increases in costs and the prices of other goods and services, the current price range is at a lower level than in 1956 and should represent a concession to importing countries.

During the course of the discussions on prices with reference to the Report of the Technical Committee on Price Equivalents, consideration might be given to No. 3 Manitoba Northern as the basic grade and to the implications of its use.

(ii) *On the Level of Prices Within the Range*; As the obligations of importing countries in a new Agreement would apply below the maximum price, importing countries may argue that they should be protected against price maintenance by the exporting countries and insist, as they did at the First Session and in the meetings of the Preparatory Committee, on a provision to ensure adequate flexibility of prices. To meet this point a provision could be included whereby a complaint may be submitted to the Executive Committee of the Council. The Executive Committee may then refer the complaint to the technical competence of the Committee on Price Equivalents which in such cases may be authorized to examine the supporting evidence and call for any other additional information. On the basis of the report and recommendations of the Committee on Price Equivalents, the Executive Committee shall, at the request of any of the parties concerned, report on the matter and, if necessary, make recommendations to the Council. The Council shall then review the case, hear any further evidence and hold consultations between the importing and exporting countries concerned.

If no agreement with the importing countries can be reached on the basis of the above, a further provision may be inserted whereby, if consultations fail, an importing country could apply to the Council for relief from part or the whole of its obligations in respect of its purchases under the Agreement in a crop year, and the Council shall decide on such application. In view of the insistence of the importing countries at the Preparatory Committee meetings in London for the right of withdrawal, as a last resort consideration may have to be given to the inclusion of a further provision to this effect after all other possibilities have been exhausted.

(c) *The Recording of Transactions.*

On the assumption that the importing countries undertake to transact the highest proportion of their import requirements under the Agreement, member countries should undertake to notify the Secretariat of all transactions relating to the export or import of wheat and flour. Transactions recorded to the Secretariat might be registered in four principal categories as follows:

(i) Commercial transactions between exporting and importing member countries;

(ii) Non-commercial, or "special" transactions or arrangements entered into between exporting and importing member countries;

(iii) Commercial transactions between exporting member countries and importing non-member countries and between importing member countries and exporting non-member countries; and

(iv) Non-commercial, or "special" transactions or arrangements entered into between exporting member countries and importing non-member countries, and between importing member countries and exporting non-member countries.

(d) *Assurance of the Highest Possible Level of Trade on Commercial Terms*

In order to safeguard the stability of the commercial sector of the international trade in wheat,

(i) Participating countries should undertake as part of their obligations that any non-commercial transactions in wheat and flour shall be made without harmful interference with normal commercial patterns of international trade.

(ii) Exporting countries will undertake to export as much as possible of their supplies each crop year, and importing countries will endeavour so far as possible to purchase the maximum of their annual requirements, on a freely competitive commercial basis.

(iii) If the obligations of importing countries are in any way expressed in terms of guaranteed quantities, the fusion of commercial with non-commercial transactions should be opposed on the grounds that the distinction between normal commercial and non-commercial transactions be preserved in order to safeguard the commercial sector of the international wheat trade and ensure that non-commercial transactions represent a net addition to normal commercial purchases of importing countries.

(e) *Safeguards Against "Unfair" Practices and the Restrictive Effects of Bilateral Arrangements*

It is important that the interest of exporting countries be protected against "unfair" practices and limitations placed on free competition. Such practices would include the resale by importing countries of imported wheat as flour at concessional prices, and the sale by exporting member countries of wheat and flour at prices below the minimum, both of which are likely to pre-empt normal commercial sales of wheat and flour. This protection may be ensured by the inclusion of provisions whereby:

(i) All countries undertake not to enter knowingly in any transaction with member countries which may be inconsistent with the minimum price or detrimental to the purposes and objectives of the Agreement except in the case of gifts or donations in the event of famine, critical food shortages or any similar emergency.

(ii) Exporting and importing member countries parties to bilateral agreements or "special" arrangements concluded prior to the entry into force or during the currency of this Agreement shall specify in an Annex (B) to this Agreement the individual quantities to which they are committed for each year during the period of this Agreement.

(iii) Consideration may be given to the desirability of exporting countries foregoing any predetermined sharing of the commercial sector of the market. Any exporting country entering into bilateral arrangements shall thereby forfeit its right to compete in the uncommitted and freely competitive residual part of the market to the extent of those quantities that are committed under such arrangements.

(iv) *Gifts and Donations* — Any exporting country wishing to extend on an individual basis any gifts or donations to any participating country shall ensure that such gifts or donations would represent net addition to normal commercial marketings.

(f) *Irregular Exporting/Importing Countries*

(i) Member countries should state in the Agreement whether they will be exporting or importing countries for the whole duration of the Agreement and for the purpose of its administration.

(ii) Any country which has declared itself an importing country for the period of this Agreement and which wishes to sell wheat and/or flour to either member or non-member countries in any crop year during the life of this Agreement should undertake not to transact any such sale at prices which are inconsistent with the price range.

(iii) Any country which has declared itself an exporting country for the period of this Agreement and which wishes to purchase wheat and/or flour in any crop year during the life of this Agreement should undertake to purchase all its requirements from exporting member countries within the price range and on a freely competitive commercial basis.

(g) *Annual Review of National Wheat Policies*

The inclusion of a provision authorizing the Council to hold an annual review of national policies as affecting production, prices, stocks and trade should be strongly supported. It should be recognized, however, that both exporting and importing countries are apt to be politically sensitive to national wheat policies and are likely to resist any exposure to criticism in, or by, an international body. The annual review will, therefore, lack authority to recommend changes but should nonetheless afford opportunities for exchanging views on national or regional measures and developments, (e.g., uneconomic production in importing countries, regional restrictive practices in the European Common Market), which may have adverse effects on the operation of the Agreement or on the commercial sector of the international trade in wheat and flour. In this context, it would be appropriate for the Council to review the relative proportions of trade transacted on commercial and "special" terms between member countries as well as between member and non-member countries.

(h) *Duration*

The duration of a new Agreement should be not less than, and no longer than, three years.

69. DEA/4171-D-40

La délégation à la Conférence internationale sur le blé au secrétaire d'État aux Affaires extérieures

Delegation to International Wheat Conference to Secretary of State for External Affairs

TELEGRAM 35 Geneva, February 2, 1959

CONFIDENTIAL. PRIORITY.

Repeat T&C, Finance, Agriculture, Bank of Canada, PM's Office for Menzies, Washington, London, T&C London, NATO Paris, Paris, Bonn, Brussels, Rome, Hague (Information).
By Bag Copenhagen, Tokyo, Canberra, Buenos Aires, Berne from London.

UN WHEAT CONFERENCE — FIRST WEEK

The producer advisers strongly support the objectives set out in the memorandum of instructions and are attracted to the idea of a broad comprehensive and more flexible agreement.

2. Following private discussions with main exporting countries and the UK we decided to place the essence of our proposals before the Conference without delay to the end that a scheme which would bring substantially all the trade in wheat within the scope of the agreement should be considered along with the less comprehensive plans included in the Preparatory Committee report. The Canadian statement† which concentrated on our ideas

concerning rights and obligations was made on Thursday and copies were airmailed to Ottawa and Winnipeg the same day. Copies are also being airmailed to missions receiving this telegram.

3. Following the Canadian presentation a number of statements were made expressing appreciation for our constructive initiative. The UK delegation with whom we have been working closely made a particularly helpful rejoinder. Bishop explained the unwillingness of the UK Government to limit the freedom of the UK trade but said it would be possible to consider the Canadian proposal which would only require an overall limitation. On imports from non-member countries, along the lines of the Sugar Agreement, Japan, Germany, Netherlands, India and UAR in varying degrees saw difficulties in accepting a ceiling on imports from non-member exporting countries and wished to retain greater freedom to purchase wheat from any source than our scheme might provide. Japan, with some support from Switzerland, expressed preference for the Preparatory Committee's proposal "A" which would provide an option between the old system of guaranteed quantities and new procedures which might be adapted to accommodate the UK and others. South Africa, Switzerland and Ireland expressed some concern about the assurance of adequate supplies at the maximum. While many questions were asked and some basic reservations expressed it was agreed that the Canadian proposal merited priority consideration and a small group of representative importers and exporters has been set up for this purpose. Its first task is to examine our plan with respect to rights and obligations, together with those in the Preparatory Committee Report, and to develop a proposal which can be recommended to the Conference as a whole. It will be given other important tasks as our work develops.

4. The Committee began its work on Friday afternoon when attention was directed primarily to the problem of defining the non-member quantities to be included in the annex. There are a number of problems to be resolved. For example the appropriate margin of tolerance and whether the quantities should relate to actual trade which has taken place or should take account of the larger amounts usually inscribed as permitted imports or trade objectives in bilateral agreements (Japan, Germany). In general the importers were anxious to achieve some degree of flexibility as regards permitted imports from non-members.

5. The Australian and French delegations were concerned with the possibility of the basic grade of No. 1 Manitoba Northern reaching the maximum before other wheats at which time, under our proposal, member importing countries would be released from their obligation with respect to the amounts purchasable from non-members. These and other questions are being studied and will be pursued further on Monday.

6. For the most part importing countries including the EEC countries are for the time being reserving their position regarding the basic acceptability of the Canadian proposal. A clearer indication of their views cannot be expected until all possibilities have been examined, but for the moment they are co-operating in a fair examination of the plan we have put forward.

7. As agreed in advance, the USA and Australian delegations have not created difficulties for us in the meetings, and have indicated willingness to take the Canadian plan as a basis for initial discussion. Privately, the USA delegation has expressed a preference for some obligations at the floor and at the ceiling without the specific "put and call" procedure. They are worried about the possible pressure on prices which might arise in the context of the continuous obligation implicit in our scheme. They have, however, publicly come out in favour of the differentiation and separate recording of "commercial" and "special" transactions. The

Australians who are showing increased concern about the effects of the USA surplus disposal activities and French competition, do not see sufficient protection for their exports under our proposal and remain attached to the notion of guaranteed quantities. McCarthy has not yet arrived.

8. The question of the price range and of price flexibility has come up for discussion privately and briefly in Committee early in the Session. As a partial assurance concerning flexibility the UK are adamant that the new Agreement should contain provisions for ultimate withdrawal. They state that the inclusion of such a safety-valve in the Agreement would be needed for purposes of presentation in the UK, Japan, Netherlands, Indonesia and the UAR have indicated they will be pressing for a lower price range. We have so far opposed the idea of withdrawal provisions, and have urged that the UK problem be met through provisions for consultation and adjustment within the framework of the Agreement. We have firmly resisted any notion of a lower price range and are endeavouring to leave the impression that such a proposition could not be regarded seriously.

9. Because of lack of accommodation, the Conference has been set to end on February 27, but there remains the likelihood of some carry-over into March. It is too early to suggest whether or not our proposals will survive in any thing like their present form, but at least they are being given a good run.

10. T&C please pass to Wheat Board Winnipeg.

70. DEA/4171-D-40

La délégation à la Conférence internationale sur le blé au secrétaire d'État aux Affaires extérieures

Delegation to International Wheat Conference to Secretary of State for External Affairs

TELEGRAM 67 Geneva, February 9, 1959

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 35 Feb. 4.[sic]
Repeat T&C, Finance, Agriculture, Bank of Canada, PM's Office for Menzies, London, T&C London, NATO Paris, Paris, Bonn, Brussels, Rome, Hague, Washington (Information).
By Bag Copenhagen, Tokyo, Canberra, Buenos Aires, Berne from London.

WHEAT CONFERENCE — SECOND WEEK

It became evident early in the week that the Canadian proposals concerning the form of a new Agreement would have to be reshaped. In particular the provision that importing countries should limit their purchases from non-members to amounts specifically listed in an annex and based on previous trade was considered by many importers to be too rigid and restrictive. More important, many countries including the USA, thought this way of defining the quantities to be brought within the Agreement would appear rather negative and involve avoidable presentational difficulties.

2. A Working Party of the Economic Committee (Canada, Germany, USA and UK) which was set up to examine the plan and possible alterations worked out a reformulation of the Canadian proposal in which the obligations of importers were stated in a positive form. Under

the revised scheme, Annex 1 would specify the percentages of total commercial imports which importing countries would be obliged to take from member exporting countries. The percentage would vary country by country and would be based on its past and prospective pattern of trade. In fact the percentages will have to be negotiated at the Conference. We have made it clear that the acceptability of the so-called "positive formulation" will depend, so far as we are concerned, on the willingness of importers to put in realistic percentages which will reflect the quantities they actually take commercially from member exporters.

3. Since it is not possible to oblige importers or exporters to take or provide concessional wheat it was agreed that "special transactions" should be excluded from the percentages and treated separately. Under the revised proposal these transactions are to be brought within the framework of the Agreement by reporting and separate recording. A special working party has been set up to define what is a "special transaction" and what is not.

4. As in our original proposal, exporters would be obliged at the maximum to supply the needs of importers up to the average of their commercial purchases from member exporters during a preceding period. Some of the small importers (Ireland, Spain) have objected that in the event of an unusually low domestic crop previous history of commercial imports would not provide a fair base for calculating entitlements in such a year. It is probable that a special provision will be developed to meet this difficulty.

5. The revised proposal was presented to the Executive Committee on Friday and was accepted as the basis for further work. Its final acceptability will, however, depend on the views of governments and on prices and it is too early to say that the problem of rights and obligations has been finally resolved. The working party is now proceeding to formulate the revised scheme in detailed terms and to find solutions to a number of technical problems which have been brought out. Answers are in sight for most of these questions, but the Germans are being difficult about agreeing to observe the price range for their exports of flour.

6. The Japanese delegation told the Executive Committee at Friday meeting that acceptance by importers of the rights and obligations involved in the new scheme could not be disassociated from the question of price. It was agreed that discussion of the price range should begin next Tuesday and the importer and exporter groups are meeting privately on Monday.

71. DEA/4171-D-40

La délégation à la Conférence internationale sur le blé
au secrétaire d'État aux Affaires extérieures

Delegation to International Wheat Conference
to Secretary of State for External Affairs

TELEGRAM 90 Geneva, February 16, 1959

CONFIDENTIAL. PRIORITY.
Reference: Our Tel 67 Feb. 9.
Repeat T&C (T&C Ottawa Pls Rpt to Wheat Board), Finance, Agriculture, Bank of Canada, PM's Office for Menzies, Washington, London, T&C London, NATO Paris, Paris, Bonn, Brussels, Rome, Hague (Information).
By Bag Copenhagen, Tokyo, Canberra, Berne from London, Buenos Aires from Ottawa.

WHEAT CONFERENCE — THIRD WEEK

1. The proposed rights and obligations as described in previous messages are now being drafted in legal form for presentation to the Economic and Executive Committees next week. The production of a clear understandable document in an acceptable legal form is proving to be a formidable task particularly as regards the definition of collective and individual rights and obligations when prices have reached the maximum. There is some danger that the possible complexities at the maximum will reduce support for the scheme as a whole. Next week should tell the tale, as most representatives will by then have had definite reactions from their capitals as to whether they can accept the continuous obligations involved.

2. A working group is preparing a proposed new section of the Agreement relating to the Annual Review and a broad measure of agreement has been reached.

3. We are encountering some difficulty with the Americans concerning the inclusion in the agreement of an effective section on rules or principles for surplus disposal. Palmby who has just arrived from Washington seems to have retreated from the position he took in Ottawa and is reluctant to accept any provision which would lay down obligations concerning the protection of the commercial sector. He is afraid that a treaty obligation of this kind would offend Senate opinion and imperil ratification, and argues that the necessary guarantees are already inserted in USA legislation. I have informed him that our instructions are firm and that our point will have to be covered in the new Agreement. It may be that the magic words can be worked into the Annual Review section or into the revised objectives, if their inclusion as an obligation finally proves unacceptable.

4. As regards irregular importers/exporters, after consultations in Bonn Haeffner (Germany) stated that his government could not accept a provision requiring Germany to abide by the price range in its exports of wheat and flour. In view of the present delicate political situation and Germany's trade relations with Soviet bloc and other non-member countries Germany finds difficulty in accepting the new concept of the agreement and in subscribing to a high percentage. An additional obligation to police flour export prices could mean nonacceptance or a change in the percentage of high quality wheat used in Germany. McCarthy whose country is most severely affected by German flour sales said that the inclusion of our paragraph relating to exports by an importing country was fair and reasonable, but he would not wish to see Germany outside of the Agreement. He would continue to protest through GATT and on a direct government to government basis. I am now working with the Germans in the working group with a view to obtaining their acceptance of a best endeavour type of undertaking to meet this problem.

5. The Economic Committee has given provisional approval to a definition of special or non-commercial sales which would include all but normal cash transactions. It is proposed that separate registers be maintained by Council for the following transactions which include special features involving government intervention: (a) sales on long-term credit would include Canadian sales to Israel; (b) sales under tied government loans (Canada-India and Ceylon); (c) sales for local inconvertible currency; (d) Barter; and (e) special bilateral trading agreements at artificial prices (Argentina-Brazil); (f) gifts.

6. We are reporting separately on the discussions in the Technical Committee and on the initial debates on prices.

72. DEA/4171-D-40

La délégation à la Conférence internationale sur le blé au secrétaire d'État aux Affaires extérieures

Delegation to International Wheat Conference to Secretary of State for External Affairs

TELEGRAM 110 Geneva, February 23, 1959

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 90 Feb. 16.

Repeat T&C, Cdn Wheat Board, Agriculture, Bank of Canada, Finance, Menzies of PM's Office, Washington, London, T&C London, NATO Paris, Paris, Bonn, Brussels, Hague (Information).

By Bag Copenhagen, Tokyo, Canberra, Berne from London, Buenos Aires from Ottawa.

WHEAT CONFERENCE — FOURTH WEEK

A draft of the new Agreement is now being worked out by the working groups and the various articles are gradually taking shape. The key questions of maximum and minimum prices and of establishing the percentage obligations of importers remain to be settled, but some progress in this direction is being made (our telegram 108 February 22† — Prices).

2. A basic understanding has been reached by exporters with the major importers on an equitable definition of collective and individual rights and obligations through the range and when prices reach the maximum. Certain presentational problems remain and it will be necessary to reduce our understandings to a simple, clear, and legally sound text.

3. Agreement has been pretty well reached on satisfactory texts for articles on the Annual Review, and on objectives. A paragraph meeting our points on surplus disposal and incorporating the substance of the more important FAO principles will be included in the Annual Review article. The objectives will be stated in a much broader and more comprehensive way than in the present Agreement.

4. Recommendations concerning the definition and registration of special transactions, described in our last week's report, have been approved by the Executive Committee. There is likely to be some difficulty, however, in dealing with wheat traded between the Six under bilateral arrangements where prices may or may not fall within the price range.

5. Statistics are now available indicating for each importing country imports from member and non-member countries during recent years. These figures will provide the basis for the negotiations which will commence next week on the percentages of total commercial imports which importers will undertake to purchase each crop year from member exporters.

6. We cannot yet be sure that an agreement along the lines we desire is in the bag. It is our feeling, however, that if agreement can be reached on the price range and on the percentage obligations of importers, the other elements of the Agreement can be resolved in a reasonably satisfactory way. Although doubts remain in some quarters. The general framework we suggested for the new Agreement seems now to have general acceptance. No serious alternative has been put before the Conference, and as the days pass this eventually becomes less and less likely.

73. DEA/4171-D-40

La délégation à la Conférence internationale sur le blé au secrétaire d'État aux Affaires extérieures

Delegation to International Wheat Conference to Secretary of State for External Affairs

TELEGRAM 123 Geneva, March 2, 1959

SECRET. PRIORITY.

Reference: Our Tel 110 Feb. 23.

Repeat T&C, Cdn Wheat Board, Agriculture, Finance, Bank of Canada, Menzies of PM's Office, London, T&C London, NATO Paris, Paris, Washington, Rome, Bonn, Hague, Brussels (Information).

By Bag Copenhagen, Tokyo, Canberra, Berne from London, Buenos Aires from Ottawa.

WHEAT CONFERENCE — FIFTH WEEK

There is now a good possibility that the main work of the Conference will be completed by next weekend, although the preparation of final texts and translations will no doubt carry over into the following week. The price range of $1.50 - $1.90 having been settled, there remains the negotiation of percentage obligation of each importing country, the distribution of votes and the approval of the various articles which have been drafted. There is also the problem of dealing with sales under bilateral agreements, especially among the 'Six,' at prices which may fall above the agreed price range.

2. On Wednesday, Bishop advised me of UK acceptance of the settlement on prices which we had recommended. Friday the price range of $1.50 minimum and $1.90 maximum was announced at a meeting of the prices working group. Exporters and importers then held private meetings. On the exporters' side the settlement was within Australia's instructions (McCarthy could have gone to $1.45) and the USA announced clearance from Washington. Other exporters expressed personal satisfaction and indicated that their governments would no doubt agree to the new range. The French representative, however, withheld his government's approval pending a solution to the problem of recording transactions between the 'Six.' I have been advised that Bishop had a rough time at the importers' meeting. While the new price range is acceptable to the 'Six' and Switzerland, a number of importers, led by Japan, are of the view that it would have been possible to negotiate a lower minimum price. The Japanese representative continues to maintain that his government will commit a token quantity. However, considerable pressure is being brought to bear on him to seek new instructions.

3. I made it perfectly clear to the prices group as I will at the next meeting of the Executive Committee, that the acceptability to Canada of the price range remains dependent on importers submitting reasonably satisfactory percentages.

4. Negotiations are only beginning on the percentage obligations of importers. Bishop under instructions has submitted 80 percent. I have already told him informally of our disappointment and he is in touch with London. McCarthy is tackling him tonight and I shall speak to him formally tomorrow. Japan has not yet suggested any figure. Many other importers have suggested initial percentages which cannot be regarded as satisfactory; others seem reasonable. It is too early to predict to what extent we and other exporters will succeed in obtaining satisfactory percentage commitments from importers, but we shall certainly be pressing them

hard over the next few days. It may be that I shall be asking you to make a high level approach to London within the next couple of days in an effort to move the UK commitment at least to 85 percent.

5. The Six countries are pressing for the recording under their agreement of wheat purchased under Rome Treaty bilateral arrangements with Italy and France, even if prices are above the range. There is, as you know, the possibility that because of escalator clauses in these bilateral contracts the price at which wheat is sold within the Common Market in the third year of the Wheat Agreement may exceed the agreed maximum. The Six insist that unless this trade is recordable it will be necessary for the importing countries among the Six to exclude purchases from France and Italy from their percentage obligations under the I.W.A. The Six have made it clear that their interest is at the maximum [and not] at the minimum which would, of course, [cause] us greater [concern] to meet the problem [the French] [original torn] that bilateral transactions concluded in fulfilment of treaty obligations entered into prior to the Conference should be recordable. We and other exporters opposed this on the grounds it would permit breaches of the ceiling by the 'Six' alone and such a clause would amount to an indirect endorsement of the agricultural arrangements under the Rome Treaty. After a great deal of thought we are now examining the possibility of including a sentence in the Agreement, or in the rules of procedure, which would permit the Council in special circumstances to record transactions entered into at prices in excess of the maximum, provided the buyer and seller agree. In this way the right to record certain transactions above the maximum price would be generalized to all exporters (providing the buyer and seller agree) and there would be no reference, direct or indirect, to the Rome Treaty arrangements. It remains to be seen whether a solution of this kind would be acceptable to the UK and other importers.

74. DEA/4171-D-40

La délégation à la Conférence internationale sur le blé au secrétaire d'État aux Affaires extérieures

Delegation to International Wheat Conference to Secretary of State for External Affairs

TELEGRAM 140 Geneva, March 9, 1959

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 123 Mar. 2.
Repeat Dept. T&C, Cdn Wheat Board, Agriculture, Finance, Bank of Canada, Menzies PM's Office, Washington, London, T&C London, NATO Paris, Paris, Rome, Bonn, Hague, Brussels (Information).
By Bag Copenhagen, Tokyo, Canberra, Berne from London, Buenos Aires from Ottawa.

WHEAT CONFERENCE — SIXTH WEEK

The Conference has now completed third reading of all but a few of the articles of the new Agreement. The Executive Committee has still to deal with the percentage obligations of importers and to formalize the settlement on prices at the maximum and minimum.

2. Subject to final confirmation from the French delegation a satisfactory compromise has been reached on the question of recordings above the maximum price should the exporting and

importing countries concerned agree. The compromise follows the lines outlined in paragraph 6 of our message 123 March 2.

3. Spain which throughout the Conference has been pressing for special provisions to cover her position as an exporting and importing country with an irregular harvest pattern (except for durums) is now insisting on joining the Agreement as an exporter. Attempts to dissuade the Spanish delegation from this course have so far failed and the probability is that the Conference will in the end support the Spanish application.

4. The Conference is likely to terminate Tuesday. A resolution will be passed commending the new Agreement to governments and inviting them to sign it in Washington between April 6th and April 24th. A separate resolution will invite a number of smaller member countries who have not been represented in Geneva to join by way of negotiation and accession and for this purpose to attend the first meeting of the signatory governments to be held after the mid of July.

5. The final percentages of the importing countries will be available on Monday. The total commitment is disappointing and works out on a weighted basis at just over 71 percent of average commercial imports from all sources in the base period. Preliminary Secretariat calculations indicated that something over 440 million bushels will be committed. This is about 160 million bushels more than the total guaranteed quantities under the present Agreement and about 260 million bushels more than recorded purchases under the IWA for the 1957-58 crop-year. Allowing for the percentages which may be put in by acceding countries, it would appear that the amount committed will approximate the guaranteed quantities of the present IWA plus the quantity represented by the UK's 80 percent. The weighted average is adversely affected by the UK's 80 percent, Germany's 70 percent and Japan's 50 percent. The Japanese percentage reflects the dissatisfaction of the Japanese Government with the proposed new price range. It was only with the greatest difficulty that the Japanese delegation was able to convince their authorities to go as high as 50 percent. The German figure reflects the expectation of the German authorities that their total imports will be smaller in the future because of a withering away of their flour exports. Moreover, in their percentage, full allowance has been made for possible commitments under bilateral trade agreements with the Eastern bloc countries and Turkey. While the percentage commitments are a good deal lower than we had hoped they represent the maximum the importers are prepared to do in present circumstances. They will, of course, be buying a good deal more wheat from the member exporters than is represented by their formal commitments. We may expect that at the next International Wheat Conference when importing countries have become accustomed to the new Agreement they will be willing to subscribe to more realistic percentages. It is unlikely, however, that the major importing countries will ever commit themselves to percentages which would not give them reasonable leeway to adjust somewhat their pattern of trade with members and non-members.

6. In my final statement, I propose to indicate our disappointment that importing countries have not gone further and to express the hope that in the light of experience their percentages will be revised upwards.

7. We shall be sending you on Monday a draft text of the proposed UN release which may be helpful in the preparation of any concurrent announcement in Ottawa. For what it may be worth we are also sending along a draft of a possible statement for use by the Minister in the House.

75. PCO

Note du ministre du Commerce pour le Cabinet

Memorandum from Minister of Trade and Commerce to Cabinet

DOCUMENT NO. 113-59 [Ottawa], April 14, 1959

INTERNATIONAL WHEAT AGREEMENT — 1959

A new International Wheat Agreement was negotiated at the final session of the United Nations Wheat Conference held in Geneva from January 26th to March 10th, 1959. This Agreement is much broader in scope than any of the previous wheat agreements and has been approved by members of the Canadian Wheat Board Advisory Committee who were also members of the Canadian Delegation to the Wheat Conference. Its main provisions are summarized in the Appendix to this Memorandum.†

Of particular importance to Canada is the United Kingdom's intention to rejoin the new Agreement after six years in which she has remained outside the I.W.A.

The following features of the new Agreement are significant from the Canadian point of view:

(a) The strengthening of the obligations. The replacement of rights and obligations at the extremes of the price range by a continuous obligation of individual importing countries to purchase from the exporting countries at prices throughout the price range, excluding the maximum, a specified minimum percentage of their total commercial requirements. Thus, the ineffective quantity guarantee at the minimum of previous agreements has been changed to a firm annual importers' obligation. At the maximum, importers' entitlements are no longer specified by guaranteed quantities but are calculated on the basis of average purchases from exporting countries in preceding years. Thus, there is a built-in incentive to purchase from the exporting countries.

(b) An internationally agreed price range. The new Agreement provides for a price range with a maximum of $1.90 as compared with $2.00 in the current Agreement and a minimum of $1.50, for No. 1 Manitoba Northern wheat, basis in store Fort William/Port Arthur. In the face of heavy pressure for a reduction in the price range, it was necessary to agree to some reduction in the maximum price, but it proved possible to maintain the minimum unchanged.

(c) The strengthening of minimum price provisions. All exporters have agreed to make wheat available to importers up to their total commercial requirements at prices within the price range. Whereas a commercial sale below the minimum was possible outside the terms of the previous agreements, under the new Agreement such sales would be a breach of the exporters' undertaking. In addition, provisions have been included which call for Council action should a situation arise which appears to jeopardize the objectives of the Agreement in regard to the minimum price.

(d) A "Best endeavour" article was incorporated into the new Agreement which requires importing countries that also export or resell wheat or flour to endeavour to do so at prices consistent with the price range and to avoid any action which would be prejudicial to the operation of the agreement. On the basis of previous experience this article will have particular

application to those importing countries that sell flour and employ subsidies or other means to facilitate their exports.

This new article also provides that exporting countries, which import wheat during the period of the Agreement, endeavour to purchase their requirements from other member exporting countries at prices within the price range and to avoid taking any action which would be prejudicial to the operation of the Agreement.

(e) The reporting of all non-commercials as well as the recording of commercial transactions is provided for, thereby permitting a detailed examination of international trade in wheat as a whole. An annual review is to be instituted of production, stocks, prices and all developments affecting world trade in wheat. In this connection member countries have undertaken to inform the Wheat Council of the measures taken by them to secure compliance with principles laid down in the Agreement for the disposal of surpluses on special terms, including the avoidance of harmful interference with normal patterns of production and commercial trade.

The new Agreement which covers the three-year period ending July 31, 1962, is open for signature in Washington from April 6th to April 24th and instruments of acceptance are to be deposited with the Government of the United States not later than July 11th, 1959.

I believe that the new Wheat Agreement will prove an effective and realistic framework for international trade and cooperation in wheat.

I RECOMMEND that the Canadian Ambassador in Washington be authorized to sign, subject to ratification, on behalf of the Government of Canada the International Wheat Agreement - 1959 and that both Houses of Parliament be asked at the present session to approve by resolution Canada's ratification of the Agreement.[48]

[GORDON CHURCHILL]

[48] Approuvé par le Cabinet le 17 avril 1959. Voir Canada, *Recueil des traités*, 1959, N° 17.
Approved by Cabinet on April 17, 1959. See Canada, *Treaty Series*, 1959, No. 17.

CHAPITRE II/CHAPTER II

ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
NORTH ATLANTIC TREATY ORGANIZATION

PREMIÈRE PARTIE/PART 1

ÉTAT DE L'ALLIANCE
STATE OF THE ALLIANCE

76. DEA/50030-AG-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TOP SECRET Paris, July 15, 1959

Dear Mr. Minister:

You have taken over the portfolio of Secretary of State for External Affairs at a time when NATO has to face some very grave problems. Some observers describe these problems as growing pains but others think that the Alliance is no longer growing and may even be losing strength. In view of the importance we have attached to the development of NATO ever since its creation, I thought that you might be interested in receiving a report from this Delegation. This may be an appropriate time for such stocktaking since the problems with which we are faced at this mission are also fairly acute on the economic front which we are expected to cover through our associate membership in the OEEC. Our comments have been made under the following general headings:

I - NATO defence
II - Atomic policy of the Alliance
III - Political consultation
IV - Economic developments
V - Conclusions

I - NATO DEFENCE

General

1. The NATO defence concept is based on the prevention of war, by creating the greatest possible deterrent to war and by maintaining the means of defending this deterrent. The deterrent consists of the nuclear deterrent and the shield forces, now armed partly with tactical nuclear weapons as well as with conventional arms.

2. At the present time the nuclear deterrent is made up of the United States Strategic Air Force, supplemented by the United Kingdom Bomber Force and IRBM sites in the United Kingdom and Italy. The two bomber forces are under the control of their respective governments. The IRBMs in the United Kingdom are under joint United States-United Kingdom control. The IRBMs in Italy are under the joint control of SACEUR (General Norstad) and the United States and Italian Governments.

3. The shield forces, which consist of both army and air force units and which are under the command of SACEUR, have been established in Europe for the purpose of ensuring the integrity of the NATO area. They also have as their object the deterring of war by forcing a potential aggressor to realize that a probing action or an accidental encounter, if followed up, must lead to hostilities. The shield forces are supplemented by the NATO naval forces, needed for protection of lines of communications in the North Atlantic, for denying, to Soviet submarines, access to the North Atlantic, for protection of the North American area against guided-missile submarines, and for other naval tasks in the NATO area.

4. In late 1957 the Supreme Allied Commanders introduced MC 70, their Minimum Essential Force Requirements Study.[49] The total force requirements defined in this study for the period up to the end of 1963 have been approved by the North Atlantic Council for planning purposes. At the same time the Council has recognized that the force requirements currently envisaged for 1962 and 1963 would require further review in the light of new capabilities of both the West and the Soviets.

5. During the 1958 Annual Review it became obvious that countries, in general, had not been able to make a detailed assessment of the implications of the new force requirements and consequently they could not yet forecast future military planning with much precision. However, it was apparent that full implementation of MC 70 over the 1959-63 period would require considerably greater expenditures on defence than NATO countries are making at present. With regard to the years immediately ahead, this was also true. At the same time the Military Authorities were able to derive from countries' replies sufficient information about planning in the fields of forces and equipment to enable them to arrive at a preliminary judgment of the situation and to indicate the major problems to be solved and the scope of effort required to overcome them. Document MC 39/10, a report by the Military Committee on the Military Implications of the 1958 Annual Review, brought to the attention of all NATO countries the serious impact of the shortfall of forces reflected in the 1958 Annual Review on the capability of the major NATO Commanders to carry out their assigned tasks and missions during the period through 1961. MC 39/10 gives a comprehensive analysis of the present military posture of the Alliance and it is only possible in this brief to touch on the main deficiencies which have been noted.

6. There are shortfalls in M-day and 1st Echelon units as well as low manning levels in the M-day units; there are delays in the build-up of nuclear capable units; there is a lack of adequate support units; much of the conventional material with which major Army units are equipped no longer corresponds to present-day requirements; naval forces are seriously lacking in anti-submarine and anti-mine capability; construction of new ships, modernization of equipment and refitting of older ships is imperative; in the air forces there are serious delays in the formation of surface-to-air missile units and all weather fighter squadrons; there is insufficient dispersal of airfields and units; there is an inadequate strike reconnaissance capability; and there is a serious deficiency in anti-submarine-warning aircraft.

Canadian Participation in NATO Defence

7. As far as Canada is concerned, our present forces in Europe are roughly as follows. The RCAF is represented in Europe by our Air Division, which comprises eight squadrons of F-86

[49] Voir le volume 24, les documents 181 à 204./See Volume 24, Documents 181-204.

day fighters and four squadrons of CF-100 all-weather fighters, a total of 272 aircraft. Personnel strength in Europe is about 6500.

8. The Army's contribution in Europe is a Brigade Group consisting of three infantry battalions and supporting arms and an armoured regiment. The Canadian Government has also taken the decision to provide two Lacrosse Launchers, associated fire control equipment and six missiles for use by the Brigade Group in Europe; this equipment, however, has not yet been procured. Personnel strength in Europe is about 5500.

9. A further Army commitment is the build-up of the Brigade Group in Europe to a full division as soon after the outbreak of hostilities as possible. It is understood that this commitment is now under review in the Department of National Defence but that no decision with respect to withdrawing from it has yet been taken.[50]

10. The R.C.N. has undertaken to provide to SACLANT, in the event of hostilities, an aircraft carrier and 42 other surface vessels of various types. In addition to these surface vessels and associated carrier-borne aircraft, the RCAF is committed to provide to the Maritime theatre of operations 48 maritime patrol aircraft.

11. While the naval vessels and naval aircraft to be assigned to SACLANT would clearly play a part in the defence of Canada in the event of war, the above contributions to NATO defence are, in the main, in addition to Canada's contribution to the defence of the Canada-United States region of NATO, our principal role in which is our participation in NORAD.

12. From the NATO viewpoint, the two most effective categories of the Canadian Mutual Air Programme since its inception in 1950/51 have been transfers of equipment and NATO aircrew training. Transfers of equipment have contributed by far the largest part of the programme. In the years since 1950/51, Canada has supplied her NATO partners with military equipment totalling more than $1,000 million in value and, though most of this has been equipment surplus to the requirements of Canadian forces, it has been of real value to our allies. Recently it has become increasingly difficult to find an adequate supply of useful up-to-date equipment in service stocks.

13. Canada has only undertaken specific production for Mutual Aid when there has also been a requirement for the item in question on the part of the Canadian Services. This was done in instances when the Canadian Services' requirements alone did not permit of economic production runs. The Staff have implied from time to time that Canada could use part of its production potential for mutual aid without relation to Canadian Service needs. Canada has consistently endeavoured to provide spares for equipment given away, either from Service stocks or from production. This is in contrast to the United States. The latter in the main do not now furnish follow-on spares for United States conventional type equipment already transferred.

NATO Attitude Toward Canadian Part in NATO Defence

14. Canada's contribution to NATO defence has always been highly regarded by NATO itself and by member governments, both because of the quality of our forces and because of the relatively satisfactory level of our defence expenditures. In present circumstances, when all NATO countries are faced with re-equipment problems and with rising defence costs, our defence effort is being scrutinized both from the point of view of our readiness to re-equip our

[50] Voir/See Document 102.

forces to keep pace with modern weapons developments and from the point of view of our readiness to spend money on defence at a rate which will make this possible and also enable us to continue mutual aid to our partners. While the concept of relating defence expenditures to gross national product has never been accepted by the Canadian Government, the NATO staff tends to think in these terms and to try to apply this criterion to Canada and other countries. Apart from this, there is a fairly ingrained tendency to regard Canada as a country which, broadly speaking, can afford to spend more than at present on defence if necessary.

15. It is the function of the NATO Annual Review to assess the state of NATO defence and to stimulate member countries to make such further efforts as seem appropriate to increase the scope and effectiveness of their contributions and thus to enable the alliance collectively to meet more fully the requirements of the NATO military authorities. Within this general context, Canada, like other countries, receives recommendations from NATO each year.

16. The following resumé is based on the recommendations addressed to Canada at the conclusion of the 1958 Annual Review and contains my present appreciation of some of the important points to which we will probably have to address ourselves at this year's Annual Review examination next October. It has been written before receipt of our replies to the 1959 Annual Review Questionnaire and before the Parliamentary debate on the defence estimates. The reply to the 1959 Questionnaire will, of course, form the basis of our presentation at the NATO examination; however, my present resumé takes account of the main outlines of Canadian defence policy as outlined, for example, in the Defence White Paper.

17. On defence finance it has been recommended that Canada raise defence expenditures during the period 1959-63 as may be necessary to meet the qualitative and quantitative requirements of MC 70. Present indications are that the level of our defence expenditures in the current fiscal year will be about the same as last year; no forecast of expenditures beyond the 1959-60 fiscal year has been made. Since our 1960-61 defence estimates will be under preparation at about the time of our Annual Review examination in October, we will doubtless be questioned closely at that time regarding the expected level of defence expenditures in 1960-61.

18. The NATO recommendation on the air division is to reach an early decision on its future role in order to decide on modernization at the earliest possible date, emphasis to be placed on an increase in all-weather capability during the period covered by the 1958 Annual Review (i.e., 1959-61).

19. The recent decision to re-equip the eight F-86 squadrons will be welcomed in NATO. The reduction in the number of aircraft from 24 to 18 will be understood if the type of aircraft procured is such as to provide at least equivalent fighting power per squadron. At the same time, to avoid any impression that we intend to cut the effective size of our air division, it would seem desirable not to rule out now the possibility of the four CF-100 squadrons being re-equipped in due course. Also, in view of the latter part of the recommendation on the air division, it is further hoped that it will prove possible to maintain the CF-100 squadrons in Europe during the 1959-61 period or thereabouts; this would not increase the all-weather capability of the air division but it would maintain its present capability.

20. The NATO recommendations with respect to the Canadian Army contribution to the NATO Shield are as follows:

(a) accelerate the provision of suitable ground nuclear delivery systems for the Canadian Army Brigade Group in Germany;

(b) complete arrangements to move the balance of the 1st Canadian Division to Europe promptly after M-Day;

(c) provide balanced non-divisional combat support for the Canadian contribution to ACE; and

(d) continue to build up the manning level of M-Day forces in Europe at least to minimum SHAPE standards.

21. On (a) it is to be hoped that we will be able to say that a definite order for Lacrosse missiles for the Brigade has been placed, and that we will be able to forecast an approximate delivery date. We are asked in MC 70 to provide tactical nuclear weapons beginning in 1959. Since we have chosen the Lacrosse, which will not be available for some time, we cannot meet this date; but it would be desirable to indicate how soon we expect to provide the equipment. If this cannot be done, it would be advisable to make clear (if this is the case) that the indefiniteness arises only from inability on the part of the United States suppliers to give a delivery date.

22. SACEUR continues to attach considerable importance to recommendation (b) on arrangements for moving the balance of the 1st Canadian Division promptly to Europe after M-Day. This being the case, it is to be hoped that, if the United States Maritime Commission has indicated that it can move the balance of the Division, information to this effect can be given at our examination.

23. We have never felt any obligation to accept recommendation (c), and we understand that the Minister of National Defence is opposed to (d).

24. The NATO military authorities have been anxious to obtain a more firm commitment from Canada with regard to the number of Category A escort vessels which, in an emergency, would be made available to SACLANT by 1963. While the difficulties of making a more firm commitment are appreciated, any further precision we can be given on this score would be salutary.

25. The NATO recommendation to Canada on mutual aid is to maintain at least the present level of mutual aid by increasing, to the extent possible, deliveries to its allies of equipment of recent manufacture. This contrasts with the present state of affairs. There has been a very heavy shortfall in deliveries under our 1958-59 mutual aid programme; the 1959-60 vote for mutual aid equipment is $60,000,000 as compared with $90,000,000 in 1958-59; for 1960-61 there is very little suitable equipment in service stocks, and there has so far been no disposition to provide mutual aid equipment from direct production. If, for these reasons or for financial reasons, it should be decided to eliminate our mutual aid equipment programme as of 1960-61, we would be left only with the relatively small part which consists mainly of contributions to NATO common infrastructure and NATO budgets. These payments are made by all NATO countries on a cost-sharing basis, and the United States does not include them in its mutual aid programme.

26. The downward trend in Canadian mutual aid occurs at a time when the United States is maintaining its mutual aid to NATO countries at a high level. While Congress did not agree to the Administration's request for an increase in its total mutual aid programme, reports indicate that the amount going to NATO countries will be at least as large as previously. At the same

time, because United States mutual aid is more and more concentrated on the new weapons of which it is virtually the only supplier, there is a tendency in NATO to look to Canada for continued provision of modern weapons of conventional types.

27. A new approach to the future of Canadian mutual aid might be developed from the idea that Canada is able to produce certain modern equipment — e.g. Caribou transport aircraft, Bobcat armoured personnel carriers — which are of value to her allies, and that she is willing to supply such equipment on a payment basis, or to facilitate its manufacture under licence in other member countries. Within the spirit of interdependence certain fields might be recognized as being strictly appropriate for Canadian equipment, thus avoiding duplication and competition with our Allies. As an adjunct to this strictly business programme, we might include a relatively small mutual aid content. This might range from substantial in the case of the poorer NATO countries to nil in the case of the more prosperous. This approach, while recognizing that there are a few NATO countries that still need mutual aid, would take the emphasis away from aid and would make use of the aid concept to make it more and more possible for Canada to supply equipment of real quality to her partners while assisting in the maintenance of the Canadian defence production base.

28. In concluding these paragraphs on NATO defence I should mention that, at the Ministerial meeting last December, a resolution on defence was adopted.[51] Its object was to find some means whereby the Secretary-General might take special steps to improve the state of NATO defence. This resolution is now being implemented by means of a process whereby the NATO military authorities have direct discussions with national military authorities with the object of assessing, inter alia, the cost to the country in question of meeting the military authorities' requirements and the readiness of the country in question to do this. While this procedure does not differ essentially from the long-standing practice of bilateral talks between NATO and national military authorities, the scope and depth of the present enquiry is much greater and the current talks are held at the highest level — i.e., Ministerial. On the NATO side, the International Staff, for the first time, is associated with them. However, NATO is concentrating first in this connection on the European countries, and we do not expect this type of discussion with Canada to be proposed by NATO in the near future.

29. I should also add that a number of new ideas regarding the manner in which NATO defence might be planned and directed, ranging from proposals to give national governments acting collectively a greater share in responsibility for NATO defence policy, to proposals to revise or replace the Annual Review, are being mooted in NATO circles; however, none of these ideas is yet sufficiently advanced to warrant further comment here. So far as the Annual Review is concerned, while some consider it is now ineffectual and too automatic, Canada has always strongly supported this NATO procedure.

30. My final observation relates to this year's Annual Review examination. It has been decided that, instead of covering a large range of fairly detailed questions, it should concentrate on a few main issues affecting a particular country. It is impossible to predict the issues on which the NATO Staff and the examining countries will wish to concentrate in the case of Canada. We think, however, that, now that the future of the air division seems assured, the NATO enquiry this year will be directed principally (though not exclusively) at the level of our defence expenditures and our ability to maintain our contribution to NATO defence at an

[51] Voir le volume 24, les documents 321 à 324./See Volume 24, Documents 321-324.

effective standard in relation to modern weapons requirements and in relation to the NATO asserted need for a continuing Canadian mutual aid contribution of at least the present size. We think that, even though we continue to reject the concept of relating defence expenditures to G.N.P., we (like all countries) will have to be prepared for a NATO effort to make a fairly searching examination of Canadian economic and financial policies as they relate to our capacity to increase defence expenditures.

31. We fully recognize here the cogency of official views in Ottawa on mutual aid, and we understand the desire of the Government not to increase defence expenditures. The above analysis is intended chiefly to provide as accurate an appreciation as is possible at this stage of the probable NATO attitude toward the Canadian defence effort in the course of this year's Annual Review.

II - ATOMIC POLICY OF THE ALLIANCE

(The information under this heading is taken from memoranda already submitted to you by the Department.)

1. The policy on atomic weapons could be summarized as follows:

Intermediate Range Ballistic Missiles

2. The United States offer of IRBMs was made at the 1957 December Ministerial Meeting[52] in the following terms:

3. "The United States is prepared to make available to other NATO countries IRBMs for deployment in accordance with the plans of SACEUR. Nuclear warheads for these intermediate missiles would become part of the NATO atomic stockpile system. Such intermediate missiles deployment would be subject to agreement between SACEUR and the countries concerned and to agreement between each such country and the United States with respect to materiel, training and other necessary arrangements."

4. According to the information available, the IRBM delivery systems and missiles, minus warheads, are supplied by the United States to the host country in the first instance. They are then assigned on the basis of a bilateral agreement negotiated by SACEUR with the host country, to those forces of the host country which come under SACEUR's operational command with SACEUR retaining full and direct operational command over the weapons in both peacetime and wartime. SACEUR maintains that he must exercise such control in peace and war because it is the type of weapon which must react quickly in the event of an all-out nuclear assault on the NATO area — and partly because the weapons themselves would be prime targets.

5. The United States offer to provide stockpiles of nuclear warheads for IRBMs is conditioned by their reservation of custodial rights. A further condition is that, in the event of an emergency, the warheads would, on the authorization of the President of the United States, be released to the custody of the appropriate NATO Supreme Allied Commander for employment by the NATO IRBM units under his command (and not to European Governments or national forces directly).

[52] Voir le volume 24, les documents 243 à 256./See Volume 24, Documents 243-256.

6. Although no NATO pattern has been clearly established, the agreements concluded in the case of Italy are relevant.[53] According to the information available, an agreement was concluded between SACEUR and the Italian Minister of Defence and a second agreement between the United States and Italian Governments. The former would appear to be what SACEUR has described as "a special command arrangement." The significant passages in this agreement provided:

1. "the decision to launch the missiles will be taken by SACEUR upon agreement with the Governments of Italy and the United States" and

2. the nuclear warheads would remain in the custody of the United States.

The second agreement contained the same important provisions, but included much greater detail regarding the provision of the missiles to Italy.

Tactical Nuclear Weapons

7. (a) *Delivery Systems* (e.g. Honest Johns, Lacrosse, etc.)

There is no evidence that there are specific conditions attached to the United States offer to supply NATO governments with ground-to-ground, ground-to-air, and air-to-air missile delivery systems. It is clear that the United States is willing to turn over these delivery systems to national governments for deployment with their forces under either national or NATO command. SACEUR has said that these systems normally are offered by the United States under military assistance programmes, and become the property of the recipient nation. He does not consider it necessary to control directly in peacetime these delivery systems which have a more limited range and which would be used in a supporting role.

(b) *Nuclear Stockpiles for Tactical Weapons*

The stockpiles of nuclear warheads remain under United States custody in peacetime wherever they are located. In the event of hostilities they are released, on the authorization of the President, to the appropriate NATO commander for employment by the forces under his command. They are not provided to the European governments or the national forces directly.

Separate bilateral arrangements are negotiated between the United States and the NATO nations concerned regarding the storing of such warheads on national territories.

The storage facilities (as opposed to the warheads) are to be financed as part of the NATO common infrastructure programme.

8. The situation described in the preceding paragraphs has proved to be generally acceptable to most members of NATO until recently; now, however, that several members of the Alliance are being provided with nuclear weapons, practical difficulties, particularly over the use of the warheads, are bound to arise. The Government of General de Gaulle is giving us a foretaste of things to come.[54] It is not unlikely and it may even be necessary that the atomic policy of the Alliance will have to undergo fairly substantial changes in the years ahead if some cohesion in that most important field is to be maintained. It is too early to suggest what solution may be found. It can be said however that until a solution has been found the Alliance will be unable fully to co-ordinate its atomic policy.

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[53] Voir le document 95, note 63./See Document 95, footnote 63.

[54] Voir le volume 24, les documents 286 à 289./See Volume 24, Documents 286-289.

III - POLITICAL CONSULTATIONS

1. A few years ago it was frequently said, often without much conviction, that NATO was more than a military alliance. These statements were defensive. It was realized that the political side of the alliance was under-developed and that the whole field of non-military co-operation needed to be re-examined. The exigencies of the Korean war and the recurrent crises in Europe had given the military side of NATO preeminence; and indeed the very idea that a military alliance could at the same time serve non-military purposes of an emerging community was new and needed time to take root.

2. The growth of political consultation in NATO was forced by two rather different circumstances. In the first place Mr. Dulles and a number of other Western leaders realized by the spring of 1956 that in the more relaxed atmosphere which followed the two Geneva conferences of 1955, the Western alliance would have to prepare itself for competition with the Soviet-Chinese bloc primarily in the political and economic field, and not merely in the Atlantic area but on a global basis.

3. A Committee of Three (the Foreign Ministers of Canada, Norway and Italy) had already largely completed their study of non-military co-operation in NATO[55] when the Suez crisis broke. The shock of such a blatant failure to consult on this Middle East issue at first divided the alliance deeply but later compelled the December Ministerial Meeting to adopt the recommendations of the "three wise men" and to give the Permanent Council of NATO the impetus to carry out political consultations which have become increasingly more important in each successive year.

4. At the Spring Ministerial Meeting in Washington this year, Mr. Spaak reported that although progress in political consultation had undoubtedly been made, the development of this side of the alliance was not proceeding sufficiently rapidly to keep pace with the expansion of the Soviet threat. The co-ordination of a Western position, for example in preparation for the present Geneva conference, was a laborious procedure that put the NATO countries at a disadvantage in competing with rapid Soviet manoeuvres, which could be executed without fear of ructions either in public opinion or among the other governments of the Warsaw Pact.

5. Nevertheless the progress made in the field of political consultation in NATO is real and solid. Mr. Spaak's criticisms of the procedures, while valid, reflect the difference of procedure necessary in an alliance of free countries, as compared with the Soviet organization of Eastern Europe.

6. To measure the progress, it is only necessary to compare political consultation in NATO during the Geneva conferences of 1955 with what has been happening before and during the present Geneva conference. Without going into detail, it is broadly true to say that in 1955 there were no advance consultations, the Council was kept informed in a rather general way of the progress of negotiations and after it was all over there was a little discussion with one of the senior participating French officials. This time, there have been discussions in the NATO Council almost every week since the Berlin crisis broke in November. The Council has not been given detailed information on Western fall-back positions but in other respects there has been ample opportunity for the views of all members of the alliance to be made known to the participants and taken into account. During the actual negotiations, there has been less

[55] Voir le volume 22, les documents 520 à 543./See Volume 22, Documents 520-543.

discussion in the Council (since only those on the spot could take responsibility for negotiating tactics), but the Council has been kept fully informed on the proceedings in Geneva, including a fair summary of the private soundings and negotiations.

7. In return for views exchanged, the only specific obligation which NATO governments have implicitly accepted in the field of consultations on East-West negotiations is to give the NATO Council at least 48 hours' notice, before delivery, of the text of any official government notes to the USSR or satellite governments on such general questions as Germany, European Security, Berlin or Disarmament. This gives the other NATO governments a chance to comment.

8. Political consultation in NATO, however, cannot be judged solely on conclusions in one sector — East-West relations. In other sectors, where the problems have either been more delicate or where the NATO interest was less direct, the results have been less satisfactory.

9. Under Mr. Spaak's chairmanship, the Council has come to accept — and expect — political consultations on any question anywhere in the world which one of the members of NATO wished to raise for discussion. Thus the Netherlands have brought up Indonesia (especially arms exports from NATO countries), the United States have raised Quemoy and the off-shore islands, the British and Italians have raised the Middle East, and the Germans Africa. There also have been discussions during the last two years over the development of restricted links, chiefly in the field of exchange of information, with other regional alliances and this evolution has given rise to some discussion of political objections (Canadian and Norwegian) to such links.

10. It is now fairly well accepted in NATO that neither exchanges with other regional alliances (Baghdad Pact and SEATO), nor discussions in the NATO Council of problems beyond the treaty area, can in any way extend the responsibilities and commitments which member governments have assumed under the North Atlantic Treaty. The incipient attempt to establish real links between regional alliances seems to have been abandoned and exchanges of views on, for example, Middle-East and African problems are explicitly on the basis that no attempt be made to develop a common NATO policy in these areas. The Council's object is rather to discuss questions of common concern in other areas of the world so that NATO governments will not (as has happened in the past) "trip each other up," to use Sir Frank Robert's phrase, in ignorance of one another's policies. Indeed, in a recent study of Africa, there is specific acceptance of the doctrine that some diversity in the policies of NATO governments is not only inevitable but desirable, since in the under-developed areas the colonial powers can obviously not play the same role as is open to those members of the alliance that are not (in the eyes of the under-developed countries) tarred with this brush.

11. At the same time, there are problems even within the treaty area with which the Council has never had the courage (or the imprudence) to grapple, and there are other problems of the same order where the Council has either failed or been only partially successful. The prime example in the first category is Algeria, and in the second Icelandic territorial waters and Cyprus.

12. Although Mr. Spaak has, from the viewpoint of some delegations, been pushing political consultation in NATO almost too fast and too far, he has been among the most emphatic in resisting French efforts to develop an inner circle, or political standing group, where world strategy in both the political and military fields could be discussed and correlated in a manner impracticable in a Council of 15. General de Gaulle never explicitly suggested that USA-UK-

French consultations should be developed within NATO and he has indeed sought to do so outside of NATO. His shock tactics, in apparently making French co-operation on a number of military questions contingent on closer political consultation, have not commended themselves to the alliance as a whole. French suggestions that the Algerian policy of France should be supported in the United Nations by the members of the alliance in return for French co-operation have also been ill-received.

13. The Canadian approach to political consultation in NATO seems to have varied somewhat with the expansion of consultation itself. In theory we have always favoured as intense consultation as possible in the NATO Council; in practice, of late, we have been less forthcoming than some other members of the alliance in exchanging views or have shown some reticence in agreeing that certain subjects be discussed, mostly because we have feared that consultation might in due course lead to additional commitments. This cautious approach on our part has been the more noticeable since two of the great powers in the alliance, the United States and the United Kingdom, and some of the smaller powers such as the Netherlands and Italy, not to mention Iceland, have used the NATO forum more and more frequently to raise issues which either were not in the Treaty area, or not ripe for discussion, or were being discussed in another forum. On the other hand, the same caution has also applied in reverse in accepting the situation whereby the question of Algeria, for example, be not raised in Council. This Canadian attitude has over the last few months, it seems to us, gained fairly general acceptance in Council and, in a sense, some of our past worries have become obsolete. In any case, on the record of the past two years — and we should bear in mind that political consultation in its present form only really began two years ago — there would seem to us to have been a reasonable give and take between the larger and the smaller members of the alliance, and it would be difficult for us to say whether the process of political consultation has tended to increase the support for Big Power policies in other areas, or has on the contrary tended to modify those policies in a way which could not have been achieved through bilateral diplomacy alone. Both judgments may be true. In any event, Canadians (who have had a much longer experience of such consultations through our Commonwealth Association) have little to fear from political consultation in NATO now that the guide-lines have been fairly well established. Indeed our experience so far, from the point of view of this delegation, has been that we can have more influence by stating our point of view positively and participating in such consultations that we can by taking rear-guard actions to limit their scope.

14. A further important consideration, particularly from our point of view, is worth recording here; it was mentioned earlier that over the last few months the United States and the United Kingdom have shown an increased tendency to raise in Council for discussion more and more problems — even of a peripheral interest to NATO — such as Quemoy, the Middle East and Africa generally, etc. It would seem in the Canadian interest that such exchanges should continue to take place, thus affording London and Washington a further opportunity to co-ordinate their policies and at least reduce to a minimum the possibilities of frictions which were so acute at the time of Suez. Seen from here, at the rate political consultation is developing, another "Suez" seems to be most improbable. This in itself is a major achievement and should not be overlooked.

15. There is the related advantage that in the Council North American and Western European countries get a better understanding of each other's views with the possibility that in due course

their policies will be more and more co-ordinated. This is particularly important at a time when centrifugal tendencies are rapidly developing in Europe.

16. The habit of political consultation is growing but is not growing wild. Its growth is inhibited by four controlling factors:

(a) The power of decision rests entirely with member governments;

(b) The security of NATO consultations is only relatively good, though press leaks more often come from national capitals than from the Council;

(c) Issues that are delicate as between NATO governments can be exacerbated by premature discussion; and

(d) No government will consult on a matter of national interest to which it knows its allies will be opposed (e.g. the French decision to withdraw part of their Mediterranean Fleet from NATO control in wartime).

17. These inhibitions apply to consultations in Council. They apply less to informal contacts between delegations and to private initiatives of the Secretary-General which help to bridge what would otherwise be a dangerous gap.

IV - ECONOMIC DEVELOPMENTS

1. As I mentioned in the introduction to this letter, our associate membership in the OEEC and the accreditation of this mission to the Organization brings us into close contact with the difficulties which the European countries are encountering in their attempts to develop a broader basis for European economic co-operation. Thus, to complete the picture, I shall attempt in the following paragraphs to outline the broad framework within which these problems are being considered.

2. As you know, the Organization for European Economic Co-operation was formed following the initiative of the then U.S. Secretary of State, George Marshall, who on June 5, 1947, suggested that European countries should co-operate in carrying out a joint programme for economic recovery with the help of the United States. As a result a Convention was signed on April 16, 1948, under which the seventeen member countries pledged themselves to promote production, remove obstacles to trade and to strive for financial stability with full employment.

3. In June, 1950, Canada and the United States accepted an invitation to associate themselves with the work of the Organization. Thus, while not contributing to the general budget of the Organization, both countries have been given a special status permitting their representatives to attend all meetings of OEEC bodies and to take part in discussions without being legally associated with the decisions taken.

4. For ten years following its inception in 1948 the Organization was vigorous and dynamic but at the end of last year two important developments cast a shadow over its future activities:

(a) *The Breakdown of the Negotiations for a European Free Trade Area*

Between October, 1957, and the end of 1958 work on trade questions, which are the most important aspect of the Organization's activities, was concentrated on negotiations for an agreement to associate with the European Economic Community (created by the Treaty of Rome) the other eleven OEEC countries which are not members of the Community.[56]

[56] Voir le volume 24, les documents 471 à 491/See Volume 24, Documents 471-491.

Agreement was reached after a year of negotiations on a reasonably large number of points but it was found impossible to overcome deep-rooted differences resulting from the absence of a common tariff. There is, I think, general agreement that the basic cause of the breakdown in the Free Trade Area negotiations sprang from the absence of the political will in France to negotiate a wider economic association which would subject French industry to further significant competition.

(b) *The Achievement of External Convertibility*

In large part as a reflection of their financial strength, in December, 1958, all member countries (except Greece, Iceland and Turkey) declared their currencies convertible on external account and automatically removed any financial advantage there might have been in importing from one source rather than from another. The result is that subsequent discussions on intra-European trade and payments liberalization were bound to contain a large element of artificiality. Western European countries are now more than ever directly accountable to the GATT for a removal of discriminatory trade controls. And it is for the International Monetary Fund to determine when the position of each individual country will permit to proceed with the complete elimination of all quantitative restrictions.

5. As a result of these developments a new situation had come into being and consideration had to be given to the next steps.

6. So far as the Free Trade Area negotiations are concerned, French intransigence seemed to make impossible their resumption in the foreseeable future. As a consequence the United Kingdom in a desire to compensate for the loss of actual and potential opportunities in the markets of the Six and to seek a broader seventeen-country Free Trade Area through a different route decided to open negotiations looking toward an industrial Free Trade Area among suitable members of the non-Six (Sweden, Norway, Denmark, Switzerland, Austria and Portugal). If such a Free Trade Area is negotiated by the end of 1959 the United Kingdom would see in it the possibility of a bridge to resumption of negotiations of a broader Free Trade Area presumably under the aegis of the OEEC. On the other hand, if, contrary to U.K. expectations, the little FTA does not lead to the resumption of successful negotiations for the broader Free Trade Area, it will, U.K. authorities argue, form a viable economic unit which will in part at least compensate the United Kingdom for any loss of its export opportunities in the common market.

7. It is perhaps not for me from this limited vantage point to attempt a judgment as to the efficacy of the little Free Trade Area, either with respect to its influence in bringing about the all-European Free Trade Area or in achieving a degree of viability which would in itself justify its creation. On both these counts, however, I share the scepticism of those more directly concerned in Ottawa. Even if a little Free Trade Area of a "liberal and outward-looking character" were developed, in the short run Canadian commercial interests would be affected to some degree; and as there are legitimate doubts that the limited FTA would stimulate an accelerated rate of economic growth in the markets of its participants, it is at least doubtful that we could expect to find adequate compensation in the longer run. Even if the little FTA were to be fully in accord with the relevant provisions of the GATT, I would have some concern about its effect on the development of a truly multilateral trading system.

8. It is probably true that in the economic sphere as well as in the political the difficulties and uncertainties centre around French intransigence. The broader Free Trade Area does not commend itself to French industry; France has nothing to gain and something to lose in the short run if it were to participate in a wider area of vigorous competition. While future

prospects are uncertain, there remains of course a possibility that decisions will be made at the highest political level in France to push ahead with the broader FTA negotiations. At the same time it must be recognized that whatever would be likely to emerge in the foreseeable future would probably be difficult for us to accept. While one could argue that the achievement of external convertibility in Europe and the financing strength on which it is based would make European countries, including France, less inclined to negotiate in an inward-looking Free Trade Area, the history of the negotiations to date must leave one at best somewhat disenchanted.

9. So far as the OEEC itself is concerned, it has faced the prospect of looking backward and attempting to deal with present problems using older techniques no longer appropriate under present circumstances or of finding new fields to explore (or old ones to exploit more vigorously) in order to supplement what might be called its residual activities in the field of productivity and nuclear energy.

10. Last April the OEEC Council passed a resolution establishing an Economic Policy Committee which would meet two or three times a year and whose membership would normally be Deputies to Ministers of Finance or Economy. While the establishment of this Committee is in part a reflection of the emotional need to continue co-operation, it also reflects to some extent the conviction that in conditions of convertibility closer economic co-operation or co-ordination among member countries of the Organization is required. An attempt was made when the Committee was formed to persuade the United States and Canada to become full members of the Committee and to bind the two countries, "to co-ordinate their economic policies" with those of the European full members. While no precision has been given to the work of the Committee or to the meaning of the "co-ordination" which its terms of reference imply, full membership would involve the possibility of recommendations to the Governments of Canada and the United States. Both the United States and ourselves, while welcoming the establishment of the new Committee and agreeing to participate in its meetings, have declined the obligations of full membership.

11. In present fluid circumstances the future work of the Organization and even its continued existence are unclear. Its lifeblood, measures for trade co-operation, has ebbed away; trade co-operation is now no longer fully appropriate for discussions in a regional forum. But the Organization will not die (if at all) slowly and the desire to co-ordinate economic policies in conditions of convertibility are to some extent susceptible to discussion in a regional forum, particularly with the participation at least in the discussion of the United States and Canada.

12. I have tried to present above in capsule (and I hope digestible form) a historical survey of the work of the Organization. I have mentioned its difficulties in adapting itself to its new environment and have referred to certain possible fields in which its future activity might be concentrated. I have indicated that "co-ordination of economic policies" is an ill-defined objective even in the European sense. I should add also that there is no disposition on the part of the United States to do much more than tolerate this European exercise and there will certainly be no disposition to accept European judgments as to the efficacy of monetary, fiscal or commercial policy in the United States. As I think it is true that OEEC activities in the field of agriculture and in relation to under-developed countries would run a serious danger of overlapping or duplicating work which has already been initiated under the aegis of the GATT, the so-called residual functions of the OEEC in the field of European nuclear energy,

productivity and scientific and technical manpower would scarcely by themselves justify the continued existence of the Organization in its present form.

13. Despite, therefore, its useful past the Organization's future is at best uncertain and it seems unlikely that it will be possible in the coming years for it to emulate its previous dynamism. Nevertheless Canadian and United States association with the work of the OEEC must, for political reasons, be continued. The withdrawal of the association of the North American countries would without doubt cause the collapse of the Organization or, still worse, tend to make its discussions and decisions much more inward-looking and restrictive. To a large extent I suppose it is true that our own attitude with respect to the Organization and its work must be conditioned by the attitude of the United States. And the United States which continues to give its full support to the smaller European regional grouping created by the Rome Treaty seems anxious to keep the Organization alive while, at the same time, avoiding increased commitments on its part. One can also see the possibility that the Organization will provide the framework within which economic agreement could be reached between the industrial Free Trade Area and the Seven (if it comes into existence) and the six members of the European Economic Community.

14. In NATO a Committee of Economic Advisers has been set up. While its establishment is often considered as tangible evidence of the desire of member governments to pursue the non-military aspect of the North Atlantic Treaty, its work has been limited by the difficulties involved in regional economic co-operation and the existence of other competent international organizations to deal with economic and financial problems. A major study which the Committee of Economic Advisers has undertaken relates to the Sino-Soviet economic offensive and its effect particularly in the under-developed countries. It could be argued that taking into account the membership of NATO and the relative secrecy of its deliberations, this is probably the only forum in which the Soviet economic offensive and its ramifications could profitably be discussed. At the same time there is little evidence to suggest that the United States will be prepared to consult with its NATO partners on a multilateral basis with respect to such international economic problems of mutual concern. Rather the United States regards the Committee of Economic Advisers as a forum in which ad hoc problems can be raised and ad hoc solutions devised.

15. In assessing the relative efficacy of the Committee of Economic Advisers it is well to bear in mind that it is a new and relatively untried Committee. It is fair to note that the calibre of representation on the Committee as well as that of the International Staff which is devoted to its work is not such as to give much hope for a significant future. But more basically the effectiveness of its operations will depend on the extent to which the United States is prepared to consult on and discuss in this forum problems of mutual concern such as the Soviet economic offensive which are not wholly susceptible of review in other international agencies.

16. With respect to the prospects for European or, for that matter, North Atlantic economic co-operation, I am afraid that I have painted a rather gloomy picture. I have mentioned my doubts, which I believe are shared by those directly concerned in Ottawa, regarding the desirability of a limited Free Trade Area among the seven European countries. I suspect too that despite our earlier endorsement of the principles of the broader all-European Free Trade Area (which would now probably include Spain — a very recent member of the OEEC), there are some who feel as I do that the likelihood in the near future of a liberal outward-looking Free Trade Area being formed is not particularly good. Certainly a seventeen- or eighteen-

nation trading arrangement in Europe would have a preponderance of the voting and vote-getting power in the GATT. And while one would not expect irresponsible action, the fact remains that the European nations concerned are by no means as enamoured by the General Agreement as we and the Americans are. At a time when less orthodox proposals are being put forward in the context of the Sino-Soviet economic offensive, perhaps we should place somewhat more emphasis on the efficacy of conventional methods which, if properly and vigorously employed, would be adequate to meet most, if not all, of the problems involved. So far as trade is concerned existing international institutions such as the GATT provide the most appropriate framework for healthy and mutually beneficial intercourse among the nations of the free world. What may be required therefore is a new dedication to and a vigorous pursuance of the principles of GATT as offering the best method of meeting the Sino-Soviet economic challenge. The NATO study to which I have referred to above could conceivably result in new decisions being taken at the highest possible level reaffirming the adherence of all NATO countries to the principles of the GATT.

V - CONCLUSIONS

1. NATO has celebrated its 10th anniversary this year. It was launched under the pressure of the Soviet military and ideological challenge in Europe. The challenge has been met: not one inch of European territory has fallen under Soviet domination during the last ten years; Communist parties throughout Western Europe have had their ups and downs during the same period but generally are on the decline. The threat from the Soviet Union continues to exist, however, at present in an acute form in Berlin. It is therefore necessary for the Alliance to maintain its defensive position with a view to neutralizing Soviet conventional and nuclear forces, and for countries of the Alliance economically and politically to be healthy enough to resist Communist inroads.

2. While Soviet military power and, to a lesser extent, Communist ideology still threaten the European members of NATO, new forces have come to play either within or without the area covered by the Treaty, some of which may be as noxious now as the possibilities of Soviet invasion or Communist subversion were in 1949. The dangers from within are mostly due to the fact that some members of the Alliance — France politically, West Germany economically and soon militarily — have acquired a fresh vitality which creates new and at times awkward situations for NATO as a whole, but particularly for United States leadership. The main outside developments are the emergence of independent states in Africa and the Middle East — most of which were colonies of NATO countries — and technological developments in the Soviet Union which have created an atomic stalemate between the United States and the USSR.

3. Some argue that NATO has been late in facing up to these new developments while others say that the Alliance was not meant to cope with issues such as the emergence of new nationality and the Soviet economic offensive. Strong arguments can be found in support of either thesis. In the end, however, the internal contradictions of NATO are the result of the nature of the Soviet challenge and of its interpretations. The basic question is whether NATO governments, once seized of the magnitude and the urgency of these new developments, will decide that NATO is to continue to operate with its present terms of reference and develop "a Maginot line complex," to use Mr. Spaak's expression, or whether it should expand its activities in new fields and areas to meet the expanding and changing Soviet challenge.

4. Most of the stresses and strains that shake the fabric of NATO today can be found in the positions taken by the Great Powers on this basic issue:

The United States, the natural leader of NATO, over the last two or three years have not given the sort of inspired leadership which would have knit the Alliance more closely together. There is however an aimless eagerness in Washington vis-à-vis NATO which, if properly directed, could be rewarding;

The United Kingdom seem to have decided to use NATO as a forum for consultation on political issues while retaining at the same time their full freedom of action in the economic field, a relative freedom in this atomic field, and maintaining a special relationship with the Commonwealth.

France under General de Gaulle is deliberately playing down the importance of NATO. It wishes to assume the leading role in Continental Europe and thus join in the Councils of Washington and London. Its contribution to NATO is subordinated to Algeria and national developments in the atomic field;

West Germany and Italy hesitate between fairly full integration in the Europe of the Six and wider Atlantic concepts.

5. It is in this context that the Canadian position has to be seen; in summary, as outlined in the preceding paragraphs, it is as follows. As regards defence, the decision taken by the Government to re-equip the Air Division will place us in good stead with our Allies and particularly with the NATO military authorities. This will strengthen the hands of the Canadian Government in NATO generally with the consequent ability to influence NATO policies. In the atomic field Canada may have a role to play in trying to formulate a more generally acceptable control system. There is one important specific Canadian interest here since the two Canadian wings still stationed on French soil may in due course have to be provided with atomic stockpiles which have been refused by the French Government to U.S. squadrons.[57] This problem will require careful scrutiny. On political consultation we have been alert to its importance as well as to its limitations, and have shown a caution which is now more or less generally shared by most of our partners. In the process however the United Kingdom and the United States have been fairly forthcoming in this field and this trend should be encouraged since it is most valuable from our point of view. In economic matters we find ourselves unable to support the different regional organizations which are or may be set up unless they are of a "liberal and forward-looking character," although we support developments leading to closer European co-operation.

6. On the whole, therefore, it can easily be demonstrated that "there is no weakening in our support of NATO," as the Prime Minister said at the Michigan State University on June 7, 1959.[58] A word or two of caution, however, should be recorded. Progress towards economic integration in Europe, if it is to be pursued vigorously by the Six, will normally lead to more intense political co-operation. There are already straws in the wind. It is likely that so long as France and West Germany remain as closely united as they are under the leadership of General de Gaulle and Chancellor Adenauer, the trend towards European integration will continue. If during the same period the Alliance remains static, the end result is likely to be a serious cleavage between Continental Europe on the one hand and North America on the other. This has never been in our interest. Nor for that matter would it be in our interest that the relations between West Germany and France be weakened. We are therefore confronted with a dilemma

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[57] Voir les documents 95 à 98./See Documents 95-98.

[58] Voir Canada, ministère des Affaires extérieures, *Déclarations et Discours*, 1959, N° 22.
See Canada, Department of External Affairs, *Statements and Speeches*, 1959, No. 22.

which in the end can only be solved in bringing Continental Europe and North America even closer together. The lead can only come from Washington if such a venture is to be successful. The future of NATO in non-military fields rests with Washington as heavily as does its future as a military Alliance. The question therefore for us in the final instance — if it is thought that a serious cleavage between Continental Europe and North America should be avoided — is whether we wish to use whatever influence we have with the U.S. administration to bring them to a better appreciation of the new dangers and potentialities of the Alliance. This is not a new role for Canada to play; it has acquired a new dimension and a new urgency in the nuclear age.

Yours sincerely,

JULES LÉGER

2e PARTIE/PART 2

BERLIN

77. DEA/50234-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], January 12, 1959

SOVIET DRAFT PEACE TREATY WITH GERMANY

I attach for your information a copy of the text of the latest Soviet draft peace treaty with Germany.[59] This was submitted to the USA, UK, and France on January 10, 1959, under cover of Notes which were in reply to their Notes of December 31, 1958,[60] on the Berlin situation. (These, in turn, had been in response to the Soviet Notes of November 27 proposing a free-city status for West Berlin.)[61]

The Canadian Ambassador in Moscow has informed us that he was called in by the Soviet Foreign Minister on January 10 and was given a copy of this draft treaty and also a covering note† of six pages addressed to the Canadian government. Mr. Gromyko said similar notes were being sent to other countries which had fought against Germany and that the text of these notes would be published on January 11. We expect to obtain the text of the Soviet note to the USA by telegram from Washington shortly, and we believe this will provide an indication of the contents of the Note to the Canadian government. Our ambassador has reported that the Note proposes a conference in Warsaw or Prague to be attended on the one side by the two Germanys and on the other by the countries which fought against Germany.

Apart from the clause declaring that the state of war is ended and that Germany is to have full sovereignty, the main features of the draft treaty are as follows:

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[59] Voir le texte du projet de traité dans *Department of State Bulletin*, vol. XL, No. 1028 (March 9, 1959), pp. 337 à 343.
For the text of the draft treaty, see *Department of State Bulletin*, Vol. XL, No. 1028 (March 9, 1959), pp. 337-343.

[60] Voir/See Volume 24, Document 319.

[61] Voir/See Volume 24, Document 304.

Participants: The list of participants in the Soviet Note is the same as the list of proposed signatories for the draft treaty. There are 29 names given in this list (including Canada). On the Communist side it is significant that the name of the People's Republic of China has been included, thus bringing the question of recognition of China into the German problem — something the Soviet Union has avoided doing in the past. Also, following the precedent established at UN, it is proposed that the Ukraine and Byelorussia participate as separate entities. Provision is made for both the German Democratic Republic (GDR) and the Federal Republic of Germany to be represented; in the event a German Confederation is set up in time, it too would be represented. There would therefore be at least two German delegations, and possibly three.

Reunification: It is stipulated in the proposed treaty that the term "Germany" in the text is taken to mean the two existing German states and that all obligations will be equally binding on both. (Article 2) A suggested promise of support to the two German states in achieving a rapprochement is included (Article 22) and it is stated that the peace treaty can be regarded as a contribution to reunification.

Berlin: Under the terms of this draft treaty, West Berlin would have the status of a demilitarized free-city pending the restoration of Germany's unity and the establishment of a united German state. (Article 25) There is no change on this issue from the original proposals put forward by the Soviet Union on November 27 despite the intervening rejection of them by the three Western occupying powers.

Frontiers: It is proposed that by means of this treaty Germany will renounce its claims to territory beyond the Oder-Neisse boundary and that its future frontiers will be those existing on January 1, 1959. Various other boundary questions would be tidied up: including recognition of the Sudeten region as part of Czechoslovakia and acceptance of the independence of Austria.

Military Alliances: The treaty proposes that Germany should be neutral, not taking part in any military alliance which does not include the USSR, USA, UK, and France. (Article 5) The German Democratic Republic would withdraw from the Warsaw Treaty and West Germany from NATO. Germany would participate in a security system in Europe and its admittance to the UN would be supported.

Defence Preparedness: Such armed forces as were necessary for the defence of the country would be permitted to Germany, but these must not possess nuclear weapons, missiles, bombers or submarines, nor an arms industry beyond Germany's own needs.

Troop Withdrawal: All foreign troops and foreign bases would be removed from Germany within a year of adoption of the treaty (alternatively troops would be withdrawn on a schedule whereby a one-third reduction would be achieved by the end of six months. Article 29)

Political Parties: In a general section on political parties, the Soviet Union has attempted to attack the situation over which it has often shown irritation — the existence on German soil of emigré groups of Russian and East European nationals. Germany would be required to dissolve such bodies and to refuse to grant asylum to any persons affiliated with them. (Article 18)

Prisoners of War: As a gesture to West German sentiment the Soviet government has included a stipulation that German nationals on the territory of allied powers as a result of the war would be repatriated and it specifically mentioned the German specialists forcibly removed at the end of the war. (Article 21)

The picture of a neutral and largely demilitarized Germany in which the two German states would be joined by confederation is not new. The main features have been advanced on various

occasions in the past by the Soviet Union and just as often have been rejected by the Bonn government and the Western Powers. The proposals are similar to those put forward by the USSR at the Berlin Conference in 1954.[62] One point of change, however, is that the USSR has now combined its proposals for a free-city status for Berlin with its long standing demand for a German peace treaty; in November it asked that the Berlin question be treated by itself. The proposals for withdrawal of foreign troops are also somewhat more definite than the general suggestions made by the Soviet Union in the recent past.

It is too early to have received comment from Bonn and indeed from other capitals but early press reactions indicate that the West German government will not find attractive the idea of the two Germanys sharing equally in the conclusion of a peace treaty, with a new accent on confederation, and that it will find equally unpalatable the proposal that it share with the GDR a neutral and largely demilitarized existence. There is likely to be less real concern at the suggestion that the Oder-Neisse boundary be regarded as the fixed eastern frontier of German territory.

We think it would be well if Canada were to urge, in the course of discussions in NATO, and in direct dealings with the countries concerned, that, while not accepting the Soviet draft as the only basis of negotiation, it should not be rejected forthwith. Both in regard to the Berlin situation, which gave rise to the current bout of exchanges, and in the larger question of German reunification, it seems to us important that the avenues of discussion and possible negotiation be kept open. We would welcome an indication of whether you approve of this line as an initial policy to be followed.[63]

N.A. R[OBERTSON]

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[62] Voir le volume 20, les documents 282 à 306./See Volume 20, Documents 282-306.

[63] Note marginale :/Marginal note:
Yes! S.E. S[mith]

78. DEA/50234-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre [64]

Memorandum from Secretary of State for External Affairs to Prime Minister [64]

SECRET [Ottawa], January 23, 1959

GERMANY AND BERLIN

Although Deputy Premier Mikoyan's talks with President Eisenhower and Secretary of State Dulles[65] gave no precise indication that the Soviet Union is prepared to modify its proposals about Berlin and Germany, Mr. Mikoyan left the impression that the Soviet position is not necessarily inflexible, that his government are seriously interested in negotiations and that they would welcome Western counter-proposals. For their part, President Eisenhower and Secretary of State Dulles gave some grounds for belief that the United States is also prepared to negotiate on Germany and Berlin and may even be considering a reassessment of the U.S. approach to these problems. There have as yet been no specific proposals for East-West meetings and the Notes which have been exchanged so far show a wide gap between the Soviet and Western ideas of what might be discussed.[66] However, talks in the near future at the Foreign Minister level, or even at the summit, now seem more likely.

The Mikoyan visit and the Soviet proposals on Berlin and Germany are before the NATO Council, where a number of voices have been raised for a positive and imaginative Western response to the Soviet initiative. At the same time, there have been no specific proposals about the form of Western replies and, in particular, about the points on which negotiations with the Soviets might be based.

At a meeting on January 19, the NATO Secretary-General urged NATO members to come forward with substantive ideas which could be discussed in Council before the four members most directly concerned — the United States, the United Kingdom, France and Western

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[64] La note manuscrite suivante était jointe à ce mémoire :/The following handwritten note was attached to this memorandum:

Dear Mr Prime Minister

In this Department, we have recently been seeking for a role for Canada in the Berlin situation — a role that could be helpful and constructive. The deliberations during the past few weeks in the NATO Council have not been encouraging. I do like little the possibility of the U.S.A., France, the United Kingdom and West Germany taking the view that they should decide what should be done. Mr Macmillan, from reports, would not be happy in that context.

Herewith is a memorandum into which we have put much thought.

Yours,

Sidney [Smith]

Jan. 24, 1959

[65] Mikoyan a effectué une visite non officielle aux États-Unis du 4 au 20 janvier 1959.
Mikoyan visited the United States in an unofficial capacity from January 4 to 20, 1959.

[66] Les États-Unis, le Royaume-Uni et la France ont présenté des réponses à la note soviétique du 10 janvier, le 16 février 1959. Voir le texte de la note des États-Unis dans *Department of State Bulletin*, vol. XL, No. 1028 (March 9, 1959), p. 333.
The United States, the United Kingdom, and France submitted replies to the Soviet note of January 10 on February 16, 1959. For the text of the United States note, see *Department of State Bulletin*, Vol. XL, No. 1028 (March 9, 1959), p. 333.

Germany — meet to frame their replies to the recent Soviet Notes. (Canada has also received a Note from the Soviet Union, but it is suggested that our answer be withheld until the replies of the three powers with garrisons in Berlin have been prepared.)[67]

I agree with Mr. Spaak that the time has come for the Western powers to show initiative and imagination and for the NATO Council to try to formulate proposals which, without prejudicing the Western strategic position, might bring up to date the classical Western approach to the German question and European security, and might perhaps form the basis of a positive and flexible Western attitude in negotiations with the USSR. Our thoughts on the type of proposals which might be explored in NATO are sketched out below. I would suggest that our representatives in certain NATO countries be asked to determine whether the examination of these questions was likely to reveal common ground for a new presentation of Western ideas. These discussions would, of course, be essentially exploratory and we would not be committed to support any specific proposal.

The following lines of enquiry are suggested:

(a) *Whether increased Western contacts with East Germany even amounting to de facto recognition might not have positive advantages for the West.* In view of the robust health of the Federal Republic's institutions and economy, and its firm Western alignment, there would appear to be little risk to the West in increased contact between the Federal Republic and the German Democratic Republic (GDR). Indeed, there might be positive and far-reaching political advantages if the diplomatic barrier created by the Western policy of non-recognition were to be lowered and functional cooperation between the two Germanys encouraged. Such cooperation now exists to a degree in trade, traffic control and crime detection; expanded, it might evolve into the loose confederation which is the only avenue to German reunification which now seems to offer hope of progress. In the long run, this could result in a form of unification in which West Germany would almost certainly be predominant. Such an idea would initially meet strong government opposition in Bonn. On the other hand, some of Chancellor Adenauer's senior advisers have indicated that they favour recognizing the GDR, provided a satisfactory *quid pro quo* is forthcoming.

(b) *Whether proposals for a separate solution of the Berlin problem might be developed if it proves impossible to reach agreement with the USSR on the broader question of German reunification.* There is some urgency about the Berlin issue, since the Russians have declared that on May 27 they will turn over their responsibilities to the East Germans, and the Western Powers have asserted that they will not deal with the East German puppet régime. The situation could deteriorate to the point where the Western Powers might try to force their way into Berlin with tanks as a means of provisioning the Western garrisons there rather than using an airlift. The best single solution might be for the West to obtain a corridor from West Germany to West Berlin, and it is appropriate to consider at this juncture what concessions might have to be made to the USSR in order to obtain guaranteed access to the city in this form.

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[67] Voir la réponse canadienne dans « Réponse canadienne à la note soviétique, » *Affaires Extérieures*, vol. 11, N° 3 (mars 1959), pp. 48 à 49.

For the Canadian reply, see "Canadian Reply to Soviet Note," *External Affairs*, Vol. 11, No. 3 (March 1959), p. 48.

(c) *Whether modification is warranted in the basic Western position that the first step in any settlement of the German problem must be free all-German elections.* Mr. Dulles said last week that, although free elections seemed to be the natural method of achieving reunification, he would agree that it was not the only method.[68] We believe he had in mind a shift in the timing of these elections. As the West has always recognized the Soviet right to European security guarantees, the West might derive important political and propaganda advantages by modifying its position on elections to the extent that such guarantees might be made *before* and not *after* free elections, and by announcing readiness to negotiate at once a general European security pact.

(d) *Whether the West should re-examine its present opposition to proposals for disengagement and troop withdrawals in Europe.* There has been strong support in the West, and particularly in West Germany and the U.K., and in neutral countries like India, for a more positive approach to proposals such as the Rapacki Plan[69] and the ideas advanced by George Kennan for a neutralized area in Central Europe.[70] There are strong arguments for limited arrangements of this type which, while not materially affecting the military balance of power, could relax international tensions.

(e) *Whether, in view of the legitimate Soviet concern over German re-armament, and in the light of technological advances, a new appraisal might be made of the military need to arm West German forces with nuclear weapons.* The feasibility of delaying this process while political solutions are being sought might also be considered.

If you agree, we might, as a first step, seek reactions to these ideas in other capitals, first in London, since the United Kingdom representative in NATO has said his Government would be receptive to new ideas, then in Washington, Bonn and perhaps other capitals. In any approach to Bonn, we would have very much in mind the desirability of the West Germans taking the initiative in proposing modifications of the Western position.

I am worried by force meeting force on the road from the West into Berlin if the control of it is handed over to East Germany. So I ask if you would approve my sending the attached exploratory telegram to London, Washington and Paris.

We have to do everything possible to prevent an outbreak of fighting on the autobahn that could develop readily into a titanic nuclear war. The Berlin and German problems are singularly charged with explosive emotion. I can understand the Soviet's concern about a unified Germany which, for the third time in this century, might "strike out" in Europe.[71]

SIDNEY SMITH

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[68] Voir/See *Department of State Bulletin*, Vol. XL, No. 1023 (February 2, 1959), p. 157.

[69] Le 2 octobre 1957, Rapacki a réclamé la création d'une zone dénucléarisée en Pologne, en Tchécoslovaquie, en Allemagne de l'Ouest et en Allemagne de l'Est. Voir le volume 25, le document 507, note 21.
On October 2, 1957, Rapacki called for the creation of a nuclear free zone in Poland, Czechoslovakia, West Germany, and East Germany. See Volume 25, Document 507, footnote 21.

[70] Voir/See George Kennan, *Russia, the Atom, and the West* (London: Oxford University Press, 1958), pp. 62-63.

[71] Note marginale :/Marginal note:
See attached memo on P.M.'s reaction. H.B. R[obinson]

79. DEA/50234-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], January 26, 1959

GERMANY AND BERLIN

The Prime Minister took a short time this morning to examine the attached memorandum,[72] together with the telegram on contingency planning for Berlin. He approved the telegram without change, but was hesitant about one aspect of the memorandum.

While not raising objection to the recommendation that bilateral consultations be held with some of our NATO allies, the Prime Minister said that we should be particularly careful about the way in which our ideas are presented. He thought there was a danger that if our exploratory enquiries followed closely the questions and the argumentation in the memorandum, other governments might infer that the direction of thought implied therein had become, or was on the point of becoming, Canadian policy. I emphasized that the memorandum did no more than suggest lines of enquiry and discussion which might be helpful in contributing to the re-thinking process now going on. I also pointed out that there would be no question of our being committed to any particular proposal.

The Prime Minister indicated that he understood the purpose of the proposed enquiries but said that he would still prefer to see the questions re-phrased in language which did not itself indicate what we thought the answers to be. Thus, as an example, he said he would not object to our asking our friends how far they thought the West might consider going in the direction of *de facto* recognition of East Germany (c.f. sub-para (a) on page 3 of the memorandum). It is my impression that the Prime Minister, apart from wishing the questions to be couched in somewhat more "neutral" terms, would also prefer the supporting material to be formulated as the basis for an exchange of views rather than as the means to buttress particular lines of argument.[73]

When I asked if we might go ahead with the contemplated enquiries by putting them into less suggestive language, the Prime Minister replied in the affirmative. I do not believe that he expects to be consulted on the actual wording of the instructions to be sent to our missions.

On the basis of the Prime Minister's comments and general reaction, I believe that his position may be summarized as follows:

(a) that he recognizes the significance of the memorandum in terms of our German policy;

(b) that he is agreeable to our engaging in diplomatic discussions with selected governments on the basis of the memorandum, subject to the comments in paragraph 2 and 3 above;

(c) that the Government's position is not to be prejudiced in any such discussions; and

(d) that the Prime Minister cannot yet be considered to have taken a position on the substance of the particular ideas put forward in the memorandum.[74]

H.B. R[OBINSON]

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[72] Voir le document précédent./See the previous document.

[73] Note marginale :/Marginal note:
PM did not raise this with SSEA R. C[ampbell]

[74] Note marginale :/Marginal note:
Should be (a) brief (b) interrogatory R. C[ampbell]

80. DEA/50341-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM S-29 Ottawa, January 26, 1959

SECRET. OPIMMEDIATE.

Reference: Bonn Tel of Jan 20/59† and London Tel 226 of Jan 23/59.†
Repeat London (OpImmediate), Paris (OpImmediate), Permis New York, NATO Paris, Bonn, Rome, Hague, Brussels (Information).
By Bag from London: Moscow, Belgrade, Warsaw, Prague, Berlin, Oslo, Copenhagen, Athens, Ankara.

BERLIN: CONTINGENCY PLANNING

According to an AP report from Berlin of January 21 the East German Communist Leader, Walter Ulbricht, said recently that the East German Government was preparing to take over the functions of the Russians on control of allied military traffic into West Berlin. He is quoted as saying that a blockade would not be imposed providing the Western Powers were willing to negotiate with the GDR Government on access to the city.

2. This is the latest in a series of statements, including those of Khrushchev and Mikoyan, reaffirming the Soviet intention announced November 27 of transferring control responsibilities to the GDR. (Although Mikoyan said no ultimatum was involved.) These various assertions add urgency, therefore, to consideration of the action that is to be taken to continue the flow of supplies to Western garrisons in Berlin, at such time as this transfer takes place and East German guards appear at the check points unaccompanied by their Russian comrades.

3. In the Three Powers Notes of December 31 to the Soviet Union the right of free access was reaffirmed, and it was stated that the Three Powers would not accept substitution of East German for Russian authority. According to London telegram 131 of January 15, 1959,† this has led to revision of previous allied instructions and official allied travellers are now under orders to turn back rather than submit to East German control.

4. If the Three Powers are determined not to have any dealings with the East Germans, they will presumably find it necessary either to institute a limited airlift to supply the Western garrisons or to try to use armed force as a means of getting convoys through to West Berlin. We are aware that much can happen between now and May 27 and that a lot will depend on whether the Soviet Union shows any sign of delaying its relinquishment of control responsibilities. We share the concern expressed in Bonn telegram 34 of January 20, however, about the dangers inherent in any attempt to use military force in seeking to maintain access to Berlin. While we know it would be costly, we think a limited airlift is greatly to be preferred since the resoluteness of communist intentions would be tested by this means and any war-like action would then have to be initiated by the communist side.

5. We hope the situation will not be such as to make a choice necessary, but of the two, we think a limited airlift is greatly to be preferred to a thrust by an armed convoy on the ground. An airlift would demonstrate Western determination to maintain its access to Berlin, and would also test the resoluteness of communist intentions, but if shooting occurred it would place responsibility on the communist side for the first war-like action.

6. Please examine this question at a senior level in London, Washington and Paris. In so doing you could refer to the discussion which took place in the NATO Council on this subject on January 21 (NATO telegram 158, January 22†) and also to the formal action of the French Foreign Ministry of denying that France was committed to the use of force to break an eventual Soviet blockade. (Paris Embassy telegram 77, January 22†). Officials concerned may not wish to provide much information (and in fact may not have much to provide), but you should inform them that this is a situation that is understandably a source of concern for all NATO members and that the Canadian Government would be greatly disturbed if plans were developed to force a way into Berlin before the implications of such action had been fully explored with NATO members.

7. We shall be commenting in a later telegram on the report contained in London telegram 226 of January 23 on conversations at the UK Foreign Office. Meanwhile Washington and Paris should proceed as suggested in the present telegram.

81. DEA/50341-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM S-40 Ottawa, January 28, 1959

SECRET. OPIMMEDIATE.

Repeat Washington (OpImmediate), Moscow, Belgrade, Warsaw, Prague, Berlin, Oslo, Permis New York, Paris, Rome, Hague, Brussels (Routine), Bonn, NATO Paris (OpImmediate), (Information).

GERMANY AND BERLIN

As you know, we have been considering what lines of enquiry we might usefully explore with some of our NATO allies as part of the re-thinking of the Western position on Germany and Berlin which is now going on in NATO capitals. We have as yet only very tentative views at the official level on the merits of the various proposals which have already been put forward and which might be studied, preferably in NATO, when a Western negotiating position is being prepared.

2. Roberts in the NATO Council, Drinkall at the Foreign Office and Vigderdam at the State Department have asked for new ideas from Ottawa. We welcome these invitations and think an exchange of views with the Foreign Office and State Department on specific questions would be most useful at this stage particularly since the Four-Power Working Group on Germany is to meet in Washington early next week.[75] We would, therefore, wish you to seek at a senior level

[75] Le groupe de travail des quatre puissances, composé des États-Unis, de la France, du Royaume-Uni et de l'Allemagne de l'Ouest, s'est réuni le 4 février pour coordonner la réponse occidentale à l'initiative soviétique concernant Berlin et l'Allemagne.
The Four-Power Working Group, composed of the United States, France, the United Kingdom, and West Germany, first met on February 4 to coordinate the Western response to the Soviet initiative concerning Berlin and Germany.

the reactions of the Foreign Office and State Department to our preliminary thinking as outlined below on ideas which might usefully be studied by the West. We would wish you to emphasize that we are only proposing possible lines of enquiry, that no Canadian policy on any one of the specific questions discussed below has been or is on the point of being formulated, and that, consequently there is no question of our being committed in any way to a specific proposal. We are primarily interested in finding out whether the examination of these questions would reveal common ground for a revision of the classical Western position on Germany and European security.

3. Following are the lines of enquiry we have in mind:

(a) Would increased West German contacts with East Germany, perhaps amounting to a loose confederation and even implying *de facto* recognition, have positive advantages for the West? In view of the robust health of the Federal Republic's institutions and economy, and its firm Western alignment, we should perhaps re-assess the risk for the West in increased contacts between the Federal Republic and the German Democratic Republic (GDR). Would there be positive and far-reaching political advantages if the diplomatic barrier, maintained by the Western policy of non-recognition, were to be lowered and functional cooperation between the two Germanys encouraged? Such cooperation now exists to a degree on such matters as trade, traffic control and crime prevention; expanded, it might evolve into the loose confederation which may now be the only practical avenue to German reunification. We might consider whether this would result in a form of reunification in which West Germany would be predominant. It might not be necessary to establish a formal confederation as advocated by Ulbricht. Could there be an approach to confederation which would not, at least in the early stages, necessitate a change in West Germany's relationship to NATO or East Germany's to the Warsaw Pact? The two halves of Germany might be brought together by an approach similar to that being followed by the six members of the European Economic Community. It would be distasteful, especially for Bonn, to have to recognize the pretensions of the Pankow régime. However, if the members of that régime were granted at least *de facto* recognition, and thereby a degree of security of tenure, might there be revealed and unleashed any important East German "Titoism?" Could such Titoism be exploited easily because of the long common frontier with West Germany, the common language, and economic interest, and because historic tradition disposes most East and West Germans to seek national unity?

(b) Might it be profitable to develop a separate solution of the Berlin problem if it proves impossible to reach agreement with the USSR on the broader question of German reunification. There is some urgency about the Berlin issue, since the Russians have declared that on May 27 they will turn over their responsibilities to the East Germans, and the Western Powers have asserted that they will not deal with the East German puppet régime. The situation could deteriorate dangerously. One solution might be for the West to obtain a corridor from West Germany to West Berlin — not just right of passage but a strip with road and rail lines that could be controlled. Are there any conceivable concessions which might be made to the USSR — perhaps replacement of Western garrisons with West German troops — in order to obtain guaranteed access to the city in this form? Is there any useful role the U.N. might play?

(c) Would it be in our interest to modify the Western priorities which have until now insisted that the first step in any settlement of the German problem must be free, all-German elections? Mr. Dulles has said that, although free elections are the natural and agreed method of achieving reunification, he would concede that it was not the only method. Subsequently, Mr. Macmillan

endorsed this statement. We believe Dulles may have had in mind a shift in the timing of the free, all-German elections until after the Soviets had received adequate security guarantees, and, perhaps, a period of confederation which might minimize, for the Soviets, the loss of face and dangers inherent in a withdrawal from East Germany. The West has always recognized the Soviet right to European security guarantees. Might there be important political and propaganda advantages for the West in a modification of its position to the extent that such guarantees might be made before, and not after, free elections, and by announcing readiness to negotiate at once a general European security pact?

(d) Recognizing the understandable Soviet concern over German rearmament and their frequently expressed demands for security measures, could there be examined specific proposals which might be operative particularly in the event a reunited Germany elected to join NATO? If we consider that the approach developed by M. Spaak in his memorandum document PO (59) 116 has a good deal of merit particularly from a tactical point of view, it is important that careful thought be given to possible adjustments concerning European defensive arrangements which might be offered to the USSR particularly in the event a reunited Germany chose to join NATO. We would consequently welcome any comments on this aspect of the Spaak memorandum, particularly insofar as it mentions specifically the possibility of a demilitarized zone, some disengagement, control of armaments and a security agreement between NATO and the Warsaw Pact. For your own information we do not consider it advisable to be more specific in this respect at the moment, but if your inquiries indicate a degree of flexibility on the part of the Foreign Office, we might be prepared to explore the matter in more detail.

For Washington Only: We were interested to note from your report of Mr. Dulles' news conference on Berlin and Germany[76] (your telegram 217 of January 27†) that he apparently is prepared to discuss the Rapacki Plan during any discussion of European security in general if the USSR wanted to bring it up under that heading during any East-West talks.

82. DEA/50234-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 5, 1959

PRIME MINISTER'S CONVERSATION WITH SOVIET AMBASSADOR, FEBRUARY 4.

Trade

After complimenting the Ambassador on the way in which he had begun his mission in Ottawa, the Prime Minister asked him what matters he would like to take up. The Ambassador said that the first matter was trade, and he started to speak in terms similar to his remarks to you on February 2. The Prime Minister said that he was aware of the Ambassador's conversation with you and understood the interest of the Soviet Government in increasing its exports to Canada. He referred to the Alberta group of businessmen who had visited the Soviet

[76] Voir/See *Department of State Bulletin*, Vol. XL, No. 1025 (February 16, 1959), pp. 223-230.

Union last year and said that they had been very much impressed with what they found in their inspection of Soviet industry. For its part, the Canadian Government was now prepared, as one step in the direction of expanding two-way trade with the Soviet Government, to appoint a Canadian Trade Commissioner to Moscow. This official would be prepared to assist the Soviet Government in trying to increase its exports to Canada by giving them information about the Canadian market. In this regard the Soviet Government would have available the same type and degree of assistance as was offered in other countries where Canadian trade offices were maintained. It would be up to the Soviet authorities to exploit this assistance.

The Ambassador said that the appointment of a Trade Commissioner would help, but there were other less formal ways in which the Canadian Government could assist the Soviet Government to find new markets in Canada. He knew that there was no Government control of Canadian trade but he also knew that the Government could, if it wished, exert influence on patterns of trade, and he hoped that the Government might see its way clear to diverting to Soviet sources of supply a small proportion of Canada's imports. The Ambassador went on to disclaim on behalf of his Government any intention of trying to dump low-priced goods on world markets. The Prime Minister said that he was glad to hear this. He had formed the view on his recent tour that both Japan and Mainland China were engaging in a trade offensive in Southeast Asia;[77] he was sure that the Soviet Government could not compete with Japanese, and particularly Chinese, prices.

The Ambassador went on to say that the USSR's economy was not, except for furs, dependent on export markets. Soviet trade was designed to earn the amount of foreign currency required to pay for goods needed from abroad. The trouble with Soviet trade with Canada was that the Soviet Union bought ten times as much from Canada as vice versa and this presented a currency difficulty. The Ambassador did not refer specifically to the current negotiations regarding the Trade Agreement and it was not possible to detect in his remarks any hint of impatience with the progress of the negotiations. On the other hand, his reaction to the news about the appointment of a Trade Commissioner to Moscow was unenthusiastic.

During the conversation, the Prime Minister telephoned Mr. Churchill and asked him to see the Ambassador by arrangement as soon as possible.

Germany

The Ambassador said that the second main topic he wished to discuss was the "Soviet project for a German peace treaty." He wondered what the Prime Minister's views were on this. The Prime Minister said that this was a subject which he would prefer the Ambassador to take up with you and the Department since he had not had an opportunity to examine in any detail the Soviet Note or the draft treaty. The Ambassador then said that he had the impression that the Canadian position was somewhat closer to the Soviet position than was that of the United States or even the United Kingdom. He had only the press sources to rely on, but if they were to be believed, the Canadian view was that the time is ripe for a new approach to the German problem. It was his impression that the Canadian Government welcomed indications that the United States Government no longer insisted on free elections as the only avenue toward reunification. He thought that Canada also favoured the idea of a withdrawal of foreign forces from Berlin, and even Germany, and of the creation of a nuclear free zone on the Rapacki plan model.

The Prime Minister, after listening for some minutes, said that the Canadian Government was certainly in agreement on the aim of genuine negotiations. He could not, however, allow the Ambassador to go away with the impression that what he had seen in the press represented

[77] Voir le volume 24, les documents 387 à 402./See Volume 24, Documents 387-402.

the Canadian Government's viewpoint. The Ambassador said "I think I may be right," to which the Prime Minister rejoined: "But I am not saying you are."

The Ambassador then wondered whether there were not ways in which Canada might play more of a role in bringing West and East together. Asked to elaborate, the Ambassador said as an example that Canada might use its influence with its allies in encouraging such ideas as the withdrawal of forces from Germany (he clearly had in mind the various disengagement proposals). The Prime Minister then asked what sort of guarantees might be possible. The Ambassador said that the exact form of guarantees was something to be worked out in the negotiations. He was sure that the Soviet Government would be ready to sit down and work out guarantees among all the powers concerned and with the participation of the United Nations. In reply to the Prime Minister's further question, the Ambassador was not able to specify exactly what role the United Nations might play but did not exclude the participation of the Secretary General in negotiations on the German problem. The Ambassador's references to the United Nations were made in the context of Germany as a whole and not specifically of Berlin.

The conversation lasted just under one hour. Nothing was said about a further meeting.[78]

H.B. R[OBINSON]

83. DEA/50234-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], February 19, 1959

GERMANY AND BERLIN

The lines of enquiry which we have discussed in certain NATO capitals over the past fortnight appear to have served a useful purpose. They were taken up by the four-power working position, which is considering the Western negotiating position, and were incorporated by it into the questionnaire which is being referred to the Foreign Ministers of the United States, the United Kingdom, France and Germany. The comments we have received on the lines of enquiry from London, Paris and Bonn, together with reports of Mr. Dulles' recent conversations,[79] have given us a better appreciation of the prospects for fruitful negotiations on the German problem.

The public position maintained by the Western allies shows little change. This is understandable since it would be folly, in view of Soviet threats, to show anything but firm determination to protect the freedom of Berlin. Nor would the Allies, by premature discussion of possible concessions, wish to enable the USSR to discount such concessions in advance. However, the Western powers have underlined their willingness to enter serious negotiations

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[78] Note marginale :/Marginal note:
This memo seen by Prime Minister. H.B. R[obinson]

[79] Le secrétaire d'État Dulles s'est rendu en Europe au début février et y a discuté la situation à Berlin avec le premier ministre Macmillan (4 février), le président de Gaulle (6 février), et le chancelier Adenauer (7 février).
Secretary of State Dulles travelled to Europe in early February and discussed the Berlin situation with Prime Minister Macmillan (February 4), President de Gaulle (February 6), and Chancellor Adenauer (February 7).

on the German problem by indicating a preparedness to adjust the priority of the steps leading to reunification which the West, up until now, has insisted should begin with free elections, and to accept the presence of both East and West German advisers at the four-power conference table.

In some leading NATO capitals, most notably London, Washington and Bonn, there is serious private thinking about possible changes in the classical Western position in order to bring it up to date and to improve prospects for fruitful negotiations. We have received some indications of the trend of this thinking from our Missions in London and Bonn, but most of our information concerns the somewhat different positions which the Western allies have taken up for the purpose of the confidential negotiations which are going on among themselves. In these talks the main participants all say that they see little or no prospect for agreement with the USSR in the foreseeable future; some even admit to being reluctant to seek reunification under present circumstances.

Nevertheless, all the Western powers immediately concerned have agreed among themselves on the necessity for a more flexible posture, if only to convince public opinion that any prolongation of the stalemate would not be their responsibility. The principal way in which this flexibility is likely to be shown is by proposing the thinning out of troops on both sides of the Iron Curtain. Little precision has been given to such proposals, but the general idea was approved in all key NATO capitals; Mr. Dulles and General de Gaulle even agreed that the latest Rapacki proposals might have to be seriously considered.

Although the French and Germans tend to react strongly against suggestions for confederation between the two Germanys or *de facto* recognition of the GDR, there is general agreement that increased technical co-operation between Bonn and Pankow is desirable and that the greater strength and stability of the Federal Republic mean that such co-operation involves little risk for the West. The Germans took the initiative in proposing that experts from both East and West Germany be invited to any future four-power talks on the German problem. However, they stress that the development of contacts between the two Germanys should be under the auspices and supervision of the four former occupying powers.

Most German authorities oppose any separate solution for Berlin and, supported by the French, believe that the replacement of the Western garrisons in Berlin by West Germans would increase the dangers in this situation. However, both the United Kingdom and the NATO Secretariat are considering fall-back plans for a separate solution for Berlin in the event that a larger agreement proves impossible.

With regard to German reunification, the "free elections first" formula appears to have been dead even before we made our enquiry. However, the fact has not yet been spelled out explicitly and the West could do more to reap propaganda advantage from having adopted a more realistic position.

Conclusions

I see no advantage in Canada formally advancing or endorsing specific proposals at this stage. However, I believe Canada should continue to advocate in general terms an imaginative re-assessment of the Western position.

In particular, since there seems a good prospect the proposals for the thinning out of troops will form an important part of Western negotiating position, I recommend that officials give renewed thought to the advantages and disadvantages of troop reductions and withdrawals. They might also re-examine the possibility of bargaining with an offer of a standstill on the extension of provision of nuclear weapons to NATO forces which do not now possess them.

While it would be tactically unsound to advertise the fact to the USSR, I think Canada should give further consideration to plans for a separate Berlin solution in the event four-power

negotiations fail to reach a more general agreement. I think further exploratory conversations with the United Kingdom Government and the NATO Secretariat might offer some promise.

The West German Government has proposed that a four-power continuing commission on Germany be established and that East and West German advisers be appointed to it. This could enable "Germany" to be kept in a four-power context and, as with Austria, it is possible that progress might be achieved in prolonged unpublicized negotiations. Furthermore, while such a commission was operating the possibility of precipitate and provocative Soviet moves in Germany would be reduced. I recommend that Canada support this West German suggestion if and when the opportunity occurs.

I think Canada might also encourage the alliance to give more thought to the propaganda aspects of its position. The West should not hesitate to advance reasonable new proposals or to revive old ones on the assumption that the Russians will be certain to reject them. Rather, it would seem useful to put the Russians in the position of having to say "no" to suggestions with popular appeal.

Since there is general agreement that increased technical co-operation between Bonn and Pankow would be desirable I think it would be helpful if we were to assure the West Germans, whenever the opportunity presents itself, that the Canadian Government favours this development. We might similarly promote their disposition to establish diplomatic relations with Poland and Czechoslovakia. Both these steps would help to reduce tension and to mitigate the ill effects of refusing to recognize the GDR.

In any discussions with our allies on the German problem, it would seem advisable to bear certain susceptibilities in mind: One is the West German and French objection to the recognition of the GDR, confederation of the two Germanys and the use of the term "disengagement." Another is the West German reluctance to contemplate, at least at this stage, a separate solution for Berlin. A third is the general reluctance to admit that there are basic shortcomings to the classical Western position in Germany which was laid down four years ago. Even making full allowance for these limiting factors, however, it seems to me that there is a useful role for Canada in encouraging quietly the modest beginnings of a thaw which, in themselves, should remove some of the dangers of the German situation.[80]

S.E. S[MITH]

[80] Note marginale :/Marginal note:
Note P.M. agreed that Conclusions (pp 4-6) might serve as basis for our next round of diplomatic consultations. H.B. R[obinson] Feb 21/59.

84. DEA/50412-40

Note des conversations entre le premier minister et le premier ministre du Royaume-Uni et le Foreign Secretary du Royaume-Uni

Memorandum of Prime Minister's Conversations with Prime Minister of United Kingdom and Foreign Secretary of United Kingdom

TOP SECRET. CANADIAN EYES ONLY [Ottawa], March 18, 1959

DISCUSSIONS ON GERMANY, BERLIN AND EUROPEAN SECURITY

The Prime Minister's conversations with Prime Minister Macmillan and Mr. Selwyn Lloyd took place from 10:00 a.m. to noon and from 3:30 p.m. to 5:00 p.m. on March 18. The Prime Minister was accompanied by the Minister of Public Works, Mr. Green. In addition to these private conversations, Mr. Macmillan and Mr. Lloyd met with the members of the Cabinet for approximately one hour.

This memorandum summarizes those parts of the private discussions which dealt with European questions.

Introductory

In welcoming Mr. Macmillan and Mr. Lloyd, the Prime Minister said that he looked forward to hearing their views, not only because of the Canadian Government's interest in the problems confronting the NATO alliance, but also because the United Kingdom Ministers would be going to Washington at a time when there had arisen in the United States a considerable intensification of "nationalistic" feeling. Judging from recent pronouncements of United States leaders, Mr. Macmillan and Mr. Lloyd might encounter a tough mood in Washington.

Mr. Macmillan said that there was a dilemma. On the one hand, it was necessary to conduct the affairs of the alliance "firmly and fairly, but with a view to negotiation with the Soviet Union." On the other hand, the life of Europe depended on maintaining close United States friendship and interest. It was as important not to drive the United States back into isolationism as it was to prevent the United States from adopting foolish courses of action. He had had these thoughts in mind in his visit to the Soviet Union. He was hopeful that any differences which might exist or arise would turn out to be differences of method rather than purpose.

At Mr. Macmillan's suggestion, Mr. Lloyd spoke at some length on their visit to the Soviet Union. He followed generally the lines of reports which we have already received from United Kingdom sources.

Disengagement and Related Problems

On the conclusion of Mr. Lloyd's remarks, Mr. Diefenbaker said that disengagement was the one aspect of Mr. Macmillan's visit to the Soviet Union which had caused some public concern in North America. He was afraid that unless public doubts as to the implications of disengagement could be cleared up, a trend toward isolationism might emerge in North America, manifested in public pressure for the return of American and Canadian forces stationed in Europe.

This question led to an exposition, mostly by Mr. Macmillan, of the distinction made by the United Kingdom between disengagement (physical drawing apart of forces and weapons) and thinning out or limitation. The former term had never been mentioned by the United Kingdom

side in Moscow and, he pointed out, the word "disengagement" had not been used in the communiqué.[81] The United Kingdom Government was fully aware of the dangers and disadvantages involved in the creation of a demilitarized zone. (Here Mr. Diefenbaker signified assent.) On the other hand, they saw possible advantages in a system of limitation or thinning out, by which he meant that forces and types of weapons in an agreed area would be fixed and inspected and that no addition could be made without agreement. Mr. Khrushchev, Mr. Macmillan said, had shown considerable interest in this idea, and more than once senior Soviet officials had attempted to probe for further detail. The United Kingdom Ministers had, however, been careful, in deference to the known susceptibilities of the French, the Germans, and the Americans, not to go too far in defining this idea.

Arguing the merits of some such arrangement, Mr. Macmillan said that apart from its value as a potential basis for negotiation with the Soviet Government, it would enable an experiment to be made in inspection and control, at first in a limited area which could later be expanded. Moreover, the United Kingdom Government was convinced that it was necessary to counter the pressure for a Rapacki-type of solution by producing a constructive alternative; a flat negative was not sufficient.

The French and the Germans, Mr. Macmillan said, had accepted his assurance that, in his talks with Mr. Khrushchev, he had not indulged in discussion of disengagement proper. Mr. Diefenbaker said that he thought the United Kingdom Government might have quite a difficult time in explaining their position in Washington. Mr. Macmillan did not demur but professed mild confidence in the outcome of his talks with the President.

At the afternoon meeting the United Kingdom Ministers enlarged on (a) the dangers inherent in the pursuit of disengagement (in the sense of a drawing back of forces) and (b) what they had in mind to implement a plan of limitation. Disengagement led naturally to a neutralized zone from which Western and Soviet forces would be withdrawn and this, in turn, might lead to the departure of United States and Canadian troops from Europe, which was the last thing the United Kingdom and other Western European governments wanted. The concepts of disengagement and neutralization were thus both unacceptable to the United Kingdom.

Mr. Diefenbaker pressed for a precise indication of the size and location of the area of limitation which the United Kingdom had in mind. Mr. Lloyd said that the important thing was to get the principle accepted. The area could be small (100 kilometres on either side of the zone boundary in Germany), or large (Germany, Poland, and Czechoslovakia), or again it might eventually become of even wider extent. To Mr. Diefenbaker's remark that the United Kingdom Government must surely have a concrete area in mind, Mr. Macmillan, emphasizing the danger of putting forward any definite plan at the present stage, indicated that the United Kingdom are considering the feasibility of an area including all of East Germany and at least a large part of West Germany. Earlier in the conversation Mr. Macmillan had said that if a zone of limitation were connected with a new arrangement for Berlin it must, to be of value as a bargaining counter with the Russians, include at least the whole of Germany. Mr. Lloyd thought it possible to envisage a smaller zone for limitation and a larger one for inspection. Again, zones for air inspection need not coincide with those used on the ground.

In reply to the question whether the United Kingdom Government had given up thought of finding a form of "discriminating demilitarization," Mr. Lloyd recalled that Gromyko had revealed some interest in the idea of distinguishing between tactical and strategic nuclear weapons in a given area.

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[81] Pour le texte du communiqué, voir *The Times*, March 4, 1959, p. 8.
For the text of the communiqué, see *The Times*, March 4, 1959, p. 8.

Speaking of the Soviet position on a German settlement, Mr. Lloyd referred to two points which he thought indicated that some plan along the lines now being considered by the United Kingdom might have appeal for the Soviet Government:

(a) The Russians had never mentioned neutralization or demilitarization of Germany, but seemed ready to accept a continuation of the existing division and also of the existing relationships of East and West Germany with the Warsaw Pact and NATO for some years to come;

(b) Towards the end of the visit Mr. Khrushchev had said that he did not expect the West to recognize East Germany *de jure* or West Germany to recognize East Germany's frontiers *de jure*. Even *de facto*, East Germany's frontiers might be "recognized" (guaranteed) through a third party. Mr. Lloyd did not know whether by "third party" Khrushchev had meant the United Nations or the Soviet Union or "some agency." This was a point worth following up, perhaps at the Foreign Ministers' or summit meeting.

Steps to the Summit

Turning to what he referred to as the immediate problem of Berlin and Germany, Mr. Macmillan said that he believed that the largest single achievement of his visit to Moscow had been the disappearance of the Soviet ultimatum (as indicated by the Soviet Note of March 2)[82] and the opportunity and time thus gained for negotiation. It was essential to take advantage of this gain by fixing with as little delay as possible the date of a summit meeting, possibly in early August. Khrushchev was the boss and no one but he could be expected to agree to significant compromises at a conference. Unless a date were soon set, the Russians would use the Foreign Ministers' meeting to force the West into hurried acceptance of a summit conference, whereas if it was established promptly that a summit meeting was definitely to take place, a Foreign Ministers' meeting might turn out to be quite useful by way of preparation. Finally, Mr. Macmillan said, there was the danger that if a Foreign Ministers' meeting broke up in complete failure, the Russians might be tempted to hand over to the East Germans in Berlin, thereby sharpening the crisis. He did not "propose to commit the United Kingdom to this kind of situation without having had a summit meeting." Mr. Diefenbaker signified his agreement with this position.

With regard to the procedure leading to a summit meeting, Mr. Macmillan said with some hesitation that he thought that "in their hearts" the French agreed with the United Kingdom; the Germans certainly did. In addition, Chancellor Adenauer had said that if a summit meeting were to some extent successful on Berlin and Germany, the participants should agree to resume their meeting in perhaps four months' time to tackle other outstanding questions. Mr. Macmillan evidently favoured this idea.

Speaking of the United States position, Mr. Macmillan indicated that he hoped to be able to persuade the President of the wisdom of agreeing at once to fixing the date of the summit meeting. The United Kingdom Government had withheld their agreement from the draft reply to the Soviet Note of March 2, *inter alia* because of the importance they attached to Western unanimity on this point. Mr. Macmillan did not think that the United States authorities had really considered the military situation which might have to be accepted if the present opportunity for negotiation were to be foregone.

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[82] Voir « Note du Kremlin, 2 mars 1959, » *Affaires extérieures*, vol. 11, N° 5 (mai 1959), pp. 102 à 105. See "Soviet Note to Canada," *External Affairs*, Vol. 11, No. 5 (May 1959), pp. 104-107.

Berlin

Mr. Macmillan referred approvingly to a remark which Mr. Spaak had made to him on his visit to Paris, that the important thing for the Western governments was to agree among themselves what they were determined to hold on to in respect of Berlin. It was no use talking big now on issues for which the West was not prepared to take a stand later. The difficulty about the American position was that they were so far refusing to accept a distinction between a blockade and an East German stamp mark. Mr. Lloyd remarked that the position might be different if the legal case of the Western powers were stronger. Unfortunately it was beginning to lose its conviction 14 years after the war, especially in view of the agreements reached with West Germany in the Bonn Conventions. Mr. Macmillan said that he was convinced that the "sub-contracting" of Soviet to East German control of access to Berlin would not be a justifiable *casus belli*. Hostile military action by the Russians would be a different thing, and so might a blockade, but the aim must be to prevent such a situation from arising.

Both in the morning and afternoon meetings Mr. Diefenbaker emphasized the importance of guarding against any ill-considered move, such as the placing of the Strategic Air Command on an increased state of readiness at a time of tension, which might lead the Soviet Government to conclude that the West was contemplating large-scale military action. At the afternoon meeting Mr. Diefenbaker asked the United Kingdom Ministers to ensure that the Canadian Government's misgivings on this score were understood in Washington.

Mr. Macmillan described the United Kingdom position on the substance of the Berlin problem in the following terms. The United Kingdom would hope for an agreed system whereby a "small and symbolic" presence of British, American, and French troops, or possibly neutral forces, would be maintained, and whereby some form of United Nations presence would be introduced. He thought that a new title of this kind, guaranteed by the Great Powers and registered with the United Nations, could be a satisfactory means of assuring right of access to Berlin and would provide a firmer base from which to defend the Western position in Berlin before world opinion. Mr. Macmillan seemed to think that the Russians might be prepared to negotiate an arrangement of this kind. (He made no mention of recognition of East Germany as an element in such an arrangement.)

In reply to a question from Mr. Green as to the probable West German reaction, Mr. Lloyd said that he was not sure. Referring, however, to conversations with Brentano and senior German officials, he added that the Germans were realists and appreciated the importance of finding a negotiated settlement. He was sure that "all Europeans know that they aren't going to fight over the ticket." President de Gaulle had made it clear to him that what he meant by "blockade" (i.e., as a possible justification for military action by the West) was "physical obstruction," not a change of nationality at the control posts. European governments would have to satisfy public opinion that there was a cause worth fighting for. Mr. Macmillan associated himself emphatically with this view.

German Reunification

Mr. Diefenbaker asked whether there had been a change in United Kingdom thinking on the reunification of Germany. He had had indications that the United Kingdom Government was now prepared to contemplate Germany's continued division, allegedly because of apprehensions that a reunified Germany would become too strong.

Before replying directly, Mr. Macmillan said that the French held the view outlined by Mr. Diefenbaker; that the Russians, to his surprise, had indicated that they desired the *status quo* in Germany; and that Chancellor Adenauer had last week indicated quite clearly his opinion that Germany could not be reunited without war. The United Kingdom, Mr. Macmillan said, recognized that the Western position of 1955 on reunification was now unrealistic. On the other

hand, the West could not publicly admit the impossibility of reunifying Germany on satisfactory terms, and some hope of reunification, perhaps through the encouragement of more contacts between East and West Germany or even by some form of confederation, must be held out. In the United Kingdom view the worst possible solution was a reunited *and neutral* Germany. Such a solution would be very dangerous as it would enable the Russians to draw Germany into the Soviet orbit, e.g., by selling out Poland and restoring the Eastern provinces to Germany.

Mr. Diefenbaker said that as recently as last November, Chancellor Adenauer had indicated to him that he was not prepared to give up the aim of reunification.[83] Mr. Dulles' statement at a press conference that free elections were not the only avenue to reunification must have had an impact on the Chancellor. Mr. Macmillan replied that Adenauer was aware that a reunified Germany would not be a Germany nominated by "civilized elements." Control would pass to the Prussians and the Socialists and Germany would be dragged more and more to the left. Nevertheless, Mr. Macmillan concluded, it was important for public purposes to feed the latent German longing for reunification.

85. DEA/50341-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], April 13, 1959

DRAFT REPLY TO SOVIET NOTE OF MARCH 2ND

On March 2nd the Soviet Government transmitted through the Canadian Embassy in Moscow the attached Note to the Canadian Government dealing with questions relating to Germany and Berlin. It reaffirmed in this Note the arguments it advanced at the same time in Notes to the USA, UK and France. In all these Notes the Soviet Union urged the need for a German peace treaty, asserted that this would settle the question of Berlin and proposed that these matters be considered at a Summit Meeting. The Note said that if the Western powers were not ready for a Summit Meeting, the USSR was prepared to accept a conference of foreign ministers, including those of Poland and Czechoslovakia.

Through a further series of Notes sent by the Western powers on March 26[84] and replies from the Soviet Union on March 30,[85] arrangements for a meeting of France, UK, USA and USSR at the foreign ministers level in Geneva were made definite.

The Nato Council on March 25 briefly considered the question of whether replies to the Soviet Notes of March 2nd should be sent by Nato governments other than the four Western powers directly involved. It was decided then to postpone consideration of this until after the Nato Ministerial meeting. The Danish delegation now expects to raise this matter at the next Council meeting. When this question comes up in the Nato Council on April 22, I think the

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[83] Voir/See Volume 24, Document 395.

[84] Voir le texte de la note des États-Unis dans *Department of State Bulletin*, vol. XL, No. 1033 (April 13, 1959), pp. 507 à 508.
For the text of the United States note, see *Department of State Bulletin*, Vol. XL, No. 1033 (April 13, 1959), pp. 507-508.

[85] Voir/See *The New York Times*, March 31, 1959, p. 10.

Canadian representative might appropriately express the opinion that it is desirable for Nato members to reply to these Notes so as to counter in this way any attempts by the Soviet Union to divide the Alliance. Such replies, while not dealing with the substance of the issues at stake, could make it clear that the views of other Nato Governments are in harmony with those of the four powers immediately concerned. I believe we should preserve our individuality be replying to Notes addressed to us when to do so would suit our purposes, and particularly when the possibility of attendance of others at the summit meeting remains open. In the present instance, because of the impending negotiations, I would not suggest that the Canadian reply go into matters of substance.

A telegram† instructing our Permanent Representative in Paris to put the draft reply before Council on Wednesday is attached for your approval.[86] We would propose that it should be transmitted to the Soviet Union immediately after the Nato Council has considered it.[87]

N.A. R[OBERTSON]

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[86] Le Canada a répondu à la note soviétique du 2 mars le 24 avril 1959. Voir « Note du Canada à l'URSS, 24 avril 1959, » *Affaires extérieures*, vol. 11, N°. 5 (Mai 1959), p. 106.
Canada replied to the March 2 Soviet note on April 24, 1959. See "Canada Note to the USSR, April 24, 1959," *External Affairs*, Vol. 11, No. 5 (May 1959), pp. 107-108.

[87] La conférence de Genève des ministres des affaires étrangères a eu lieu du 11 mai au 20 juin et du 13 juillet au 5 août 1959. Les fonctionnaires des Affaires extérieures à Ottawa ont reçu des rapports détaillés sur le déroulement des assises à Genève, mais le Canada n'a joué aucun rôle à la conférence. Voir le résumé détaillé de la Conférence de Genève et de la position du Canada aux négociations de Genève au sujet de Berlin dans « Conférence sur l'Allemagne et Berlin, » *Affaires extérieures*, vol. 11, N° 9, pp. 257 à 261.
The Foreign Ministers' Conference in Geneva was held from May 11 to June 20 and July 13 to August 5, 1959. Although External Affairs officials in Ottawa were provided with detailed reports about the progress of the Geneva meetings, Canada had no role to play in the Conference. For a detailed summary of the Geneva Conference and Canada's position on the Geneva negotiations concerning Berlin, see "Foreign Ministers' Conference on Germany and Berlin," *External Affairs*, Vol. 11, No. 9, pp. 261-265.

3e PARTIE/PART 3

RÉUNION MINISTÉRIELLE DU CONSEIL DE L'ATLANTIQUE NORD, WASHINGTON, 2-4 AVRIL 1959
MINISTERIAL MEETING OF NORTH ATLANTIC COUNCIL, WASHINGTON, APRIL 2-4, 1959

86. DEA/50102-W-40

L'ambassadeur aux Etats-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 805 Washington, April 3, 1959

SECRET. OPIMMEDIATE.

Repeat NATO Paris, Paris, London, Permis New York (Priority) (Information).
Bonn (Priority) from Ottawa.
By Bag Berlin, Ankara, Brussels, Copenhagen, Moscow, Prague, Warsaw, Belgrade, Oslo, Rome, Athens, Lisbon from London.

MINISTER OF NATIONAL DEFENCE'S STATEMENT

The following is the text of a statement delivered this morning to NATO Ministerial Meeting by Minister of National Defence:[88] Begins: Mr. Chairman,

We are faced with what is undoubtedly the most serious challenge that has yet confronted the Alliance, as a result of the USSR's declared intentions concerning Berlin and Germany.

Canada considers it imperative that it should not be interpreted primarily as a challenge to our military capabilities, as a challenge to seek a solution by force. War can no longer be regarded as an extension of policy by other means, when the chapter which it opens may be so apocalyptic as to be a negation of policy. Now that war has become something which could mean the end of the race or even the end of life itself, the old axioms which regarded war and peace as a not intolerable alternation are worthless. We need a new set of principles, and I suggest that we can not do better than to begin with the axiom so forcibly enunciated by President Eisenhower a few years ago: "There is no alternative to peace." This is the new doctrine which has made Clausewitz obsolete.

If there is no alternative to peace, it follows that we must try to settle our quarrel with the USSR by negotiation. I am under no illusion about the difficulty and complexity of that task. But I believe it can be done. I have already quoted President Eisenhower. Perhaps you will allow me as well to quote from an address made here in Washington a year or so ago by his old comrade in arms, General Omar Bradley: "It may be," General Bradley said, "that the problems of accommodation in a world split by rival ideologies are more difficult than those with which we have struggled in the construction of ballistic missiles. But I believe, too, that if we apply to these human problems, the energy, creativity, and the perseverance we have devoted to science, even problems of accommodation will yield to reason. Admittedly, the problem of

[88] Le ministre de la Défense nationale a représenté le Canada après la mort de Smith en mars 1959.
The Minister of National Defence represented Canada following Smith's death in March, 1959.

peaceful accommodation in the world is infinitely more difficult than the conquest of space, infinitely more complex than a trip to the moon. But if we will only come to the realization that it must be worked out — whatever it may mean even to such sacred traditions as absolute national sovereignty — I believe that we can somehow, somewhere, and perhaps through some as yet undiscovered world thinker and leader find a workable solution."[89]

If negotiations with the USSR are to be successful, we must try beforehand to know the minds of our adversaries and to know our own minds. As a result of the reconnaissance which Mr. Macmillan and Mr. Selwyn Lloyd so ably conducted in Moscow,[90] we now have a clearer idea, I think than we had before of what is in minds of the leaders of the USSR. I shall not try to sift in any detailed way what is now known about Soviet intentions and the Soviet appreciation of their own interests. At the very least, however, it seems clear that while the Soviets are anxious to advance various interests which are antagonistic to ours, they are also anxious not to precipitate a thermonuclear war. Our continuing effort must be to try to engage them on that deeper ground of national interest which they share with us and which alone can serve as the fundamental basis for acceptable solutions, rather than to indulge in a more superficial checker-board contest of conflicting positions which, in the heat of the moment, could lead to forgetfulness of the grim logic that underlies the argument on both sides. One moment of forgetfulness, one unconsidered move, and we could all be involved in mutual destruction.

If negotiations are to be successful, it is also necessary that we try to know our own minds. That is the process, I take it, in which we are now engaged. We in Canada take it for granted that no agreement can be acceptable to the West which places in jeopardy the security of West Berlin or the freedom of its citizens. We also assume that the NATO countries could not accept a solution which might endanger the ties between the Federal Republic and other countries in Western Europe. Moreover, we could not accept arrangements which would have the effect of finally foreclosing the prospect of reunification. On all these points I imagine the governments of NATO countries are agreed.

We do not know how far the negotiations will range in the search for agreement. It may be that in the course of negotiations we may be forced into fairly narrow bargaining over the status of Berlin. In that case, it is important that we be clear about our own views on its present status. The Canadian Government has no doubt whatsoever of the juridical basis for the stationing in West Berlin of troops from the USA, the UK and France. On the other hand, we are conscious of some political shortcomings in the present situation which are exposed by any emergency and which need to be privately admitted. In the first place, the integrity and freedom of West Berlin are not guaranteed by any formal and conspicuous international instrument to which most nations subscribe and to which a ready appeal can be made. It would be an advantage if there were a wider and more formal international guarantee of the security and freedom of West Berlin and of access to that city. Secondly, Western rights in Berlin essentially flow from the right of conquest. As the years go by it increasingly takes on a rather far away look which may not carry great conviction even to our own people. Finally, there are some aspects of Western claims over Berlin which, although entirely consonant with the right of conquest on which they are based, may also seem rather strange to our own people. For

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[89] Bradley a fait cette déclaration le 5 novembre 1957. Voir les extraits de son discours dans *The New York Times*, November 6, 1957, p. 12.
Bradley made this statement on November 5, 1957. For extracts from this speech, see *The New York Times*, November 6, 1957, p. 12.

[90] Voir/See Document 145.

these reasons, we do not think that it should be assumed at the outset of negotiations that any change in the present status of Berlin would necessarily be to the disadvantage of the West.

We in Canada have therefore been anxious that consideration be given to ways in which the present agreements over Berlin could be strengthened by either supplementary or substitute arrangements. Speaking in the House of Commons on the 19th of March, our Prime Minister expressed the belief that "the UN might play some significant role in the solution of the Berlin problem and that this phase deserves further and more careful study."[91] That is a possibility to which I should like to direct your attention. I would not argue that in principle a solution involving the UN would be necessarily preferable to an agreement solely between the occupying powers. Indeed, I would doubt if the UN could play a useful role unless a four power agreement had first been reached. I would suggest, however, that a settlement involving the UN need be no weaker, and conceivably would be more stable, than the present position. Although the effective introduction of the UN into the Berlin situation could probably be accomplished only through the agreement of the Four Powers, it could serve to engage the interest of other governments in the freedom and independence of Berlin in a way which no agreement solely between the occupying powers could do. Accordingly, I suggest that it would be worthwhile for the Permanent Council to study the possibilities of a role for the UN in the application of a solution for the Berlin problem, and I offer the following three points as a possible basis for discussion.

First: The basic role of the UN might be to verify that all parties were abiding by the terms of the agreement.

Second: An essential part of the agreement would be a Soviet pledge binding itself and its associates to permit full freedom of access to West Berlin and the acceptance of a UN presence on the lines of communication.

Third: It should be understood that any UN responsibility for West Berlin would be complementary to the present rights and obligations of the four occupying powers.

So far I have spoken only of Berlin. But it may be that the negotiations may take in much more territory in an effort to reach a mutually acceptable accommodation. In that case, I should like to offer a few further suggestions. I have already stressed that we in the West could not countenance an agreement finally foreclosing the prospects for German reunification. A sense of realism, however, compels me to add that the prospects for early reunification do not seem bright; and it may be that we will have to approach this long term objective by more indirect means than we had previously insisted upon. If that proves to be the case, we would hope that over the years there would be increasing cooperation at the technical level between the Federal Republic and the Pankow régime. It might also be useful if the proposal originally advanced by the Federal Republic were put into effect and a continuing commission for Germany were instituted, and charged with responsibility for supervising and promoting progress towards reunification.

Should it turn out that the approach to reunification must be more partial and indirect than we in the West have consistently proposed, we may find as a consequence that we will also have to revise the views we have previously held about European security. It has long been agreed among us that if the USSR would agree to the reunification of Germany, some security arrangements should be worked out in Europe to provide them with a measure of assurance. Partial progress in one direction may entail partial progress in the other. For that reason, it seems to me that it would be unwise for the Western powers to enter the negotiations that are

[91] Voir Canada, Chambre des Communes, *Débats*, 1959, volume II, p. 2143./ See Canada, House of Commons, *Debates*, 1959, Volume II, p. 2049.

now contemplated with their minds closed against the possibility of accepting some measure of arms limitation or redeployment in a European area to include some territory now within the NATO area and some territory now behind the Iron Curtain.

I would suggest that while our security in the West over the last decade has deepened on drawing lines, on giving pledges, in short on a widespread policy of containment, the strategic situation may now be altering in such a way as to leave scope for some mutually profitable measure of redeployment. As we move into the missile era, when the time scale for charting military action will be plotted in terms of minutes rather than of hours, we will be under a stern necessity to do everything we can to prevent the weapons systems on both sides from responding almost automatically to doubtful intelligence. An area in Europe in which there was some arms limitation, together with some system of inspection and control, might be the start of a process which would have a wholesome and calming effect. However that may be, I would urge that the Western negotiators should not reject out of hand the possibility that some measure of arms limitation or redeployment might conceivably form a useful part of an accommodation with the USSR in the forthcoming negotiations.

In putting forward these various suggestions, we in Canada would not want the Western negotiators to feel that we are trying to place them under constraint. On the contrary, we would want them to feel that they can exercise the widest latitude within the limit of agreed positions and that in so doing they can rely on the trust and understanding of their allies. But let them not forget that our fortunes, as well as theirs, are at stake. Twice in my lifetime, Canada has suffered cruelly from wars originating in Europe. We have an air division of fighter planes and a brigade of ground troops stationed in Europe as part of the NATO shield. We know that, if the worst comes to the worst, such a conflict could as easily mean nuclear destruction of our cities in Canada as of those in Europe. Knowing the responsibilities they will have in their hands, we hope that the Western negotiators will take counsel from the knowledge that a thermonuclear war might destroy us all; from the instinct for survival which should be altered by that knowledge; and from the intellectual and diplomatic resourcefulness which should in this way be instinctively quickened. We fully expect that in skill and strength and subtlety they will prove equal to the task. Ends.

87. DEA/50234-40

Le secrétaire d'État aux Affaires extérieures aux missions à l'étranger

Secretary of State for External Affairs to Missions Abroad

DESPATCH NO. 50234-40 [Ottawa], April 28, 1959

SECRET

References: Moscow, Belgrade, Warsaw, Prague, Berlin, Washington, Permis New York, London, Paris, Nato Paris, Bonn, Rome, Hague, Brussels, Oslo, Copenhagen, Athens, Ankara, Lisbon, New Delhi.

NATO MINISTERIAL MEETING — APRIL 2-4, 1959

The major part of the attention of the meeting of the NATO Ministerial Council, which was held in Washington from April 2 to April 4, 1959, to mark the tenth anniversary of the alliance, was occupied with the Berlin crisis and with the forthcoming Foreign Ministers' and Summit conference at which the problems of Berlin, Germany, and European security will be considered. There was little debate on these problems during the Council's sessions. They were devoted for the most part to the presentation by the representatives of the member countries of prepared statements setting forth their countries' views on the questions under consideration. These statements of national positions are summarized below.

United States

Mr. Herter's presentation of the United States position was a classic statement of the "firm but flexible" doctrine. A policy of firmness, he said, had been vindicated in last year's Taiwan Straits crisis,[93] and a similar firmness in the present Berlin crisis would force the Soviet Union to back down. The West should not be misled by a soft Soviet line; while communist tactics and moods fluctuate, events in the Middle East, Far East and in Europe demonstrated that there has been no basic change in Soviet policy. Western firmness, however, should be matched by a willingness to negotiate whenever and wherever a reasonable basis for negotiation exists.

United Kingdom

Selwyn Lloyd also stressed the need for firmness on essential points, but his emphasis was far more on the "flexible" side of the doctrine. The United Kingdom, he said, is convinced of the necessity of negotiations at the summit, and it considers that the West should have a stronger bargaining position in these negotiations. The Western rights of occupation, though they are legally sound, are not the ideal grounds on which to appeal to world opinion. "We should not abandon our present title in any way," Lloyd suggested, "but we should see whether the present position can be improved and whether, by some new agreement, which would not invalidate our existing rights, we could in fact give greater security to our position and to that of the West Berliners." The Foreign Secretary also devoted some time to a repetition of the now familiar explanation that the British proposal for a system of inspection and limitation of armaments in an agreed area is not a proposal for disengagement.

[93] Voir le volume 25, les documents 423 à 457./See Volume 25, Documents 423-457.

France

Taking up Lloyd's remark "If Berlin goes, who goes next?" M. Couve de Murville devoted himself to the need for absolute firmness in the present crisis. He stressed the inappropriateness of giving the Council the details of the Western negotiating position, but emphasized the necessity of maintaining Western troops in Berlin, and of withholding recognition of "la soi disant République démocratique allemande." He attempted also to counter Lloyd's suggestion that the present basis for the Western position in Berlin is frail and obsolete. France considers it to be based on a factual right of conquest, whereas any new arrangement would be based on agreement with the USSR, and would, therefore be more precarious.

Germany

Von Brentano also emphasized firmness. He based his statement, which was directed largely against the United Kingdom position, on the belief that progress at the forthcoming negotiations is unlikely. He called for real solidarity without reserve, agreement on the limits beyond which the West will not retreat, and acceptance of the fact that while a world war would be catastrophic, a policy of firmness carries the least risk. Referring to the juridical basis of the Western position in Berlin, von Brentano said that any inclination to question it might have grave consequences not only for Berlin, but for Europe. Negotiations to establish a new juridical basis, he said, are inconceivable. Both a German peace treaty and European security arrangements, he considered, should be viewed in the broader perspective of real progress towards German reunification.

Italy

While echoing the French and German insistence on refusing to give way to questions of principle, the Italian Foreign Minister suggested that the West should study all means of reaching a satisfactory solution of the present crisis, including the possibility of a role for the United Nations in such a solution. Reunification by free elections must always be the ultimate goal, Signor Pella said, but the idea of a Comité Panallemand, which could study an all-German electoral law and facilitate technical, commercial and cultural contacts between the two Germanys, ought to be pursued. Italy considers that European security measures should only be envisaged if their application is to be gradual, if they are considered in a broad political context, and if an adequate system of control is instituted. Pella cautioned that we should bear in mind in any security arrangements the disproportion of Western forces in Europe with those of the Soviet bloc.

Canada

The Canadian statement by Mr. Pearkes was a clear call for flexibility beyond the preservation of the West's essential interests. While the Western juridical position in Berlin is clearly valid, Mr. Pearkes said, it has political shortcomings, and Canada favours the consideration of ways in which the present agreements could be strengthened either by supplementary or by substitute arrangements. The United Nations must play a useful role in these arrangements, with the agreement of the four occupying powers. Mr. Pearkes also favoured an indirect approach to German reunification through increasing co-operation at the technical level between the two Germanys, perhaps through the agency of a continuing commission. Such progress towards reunification, he said, should permit progress towards the achievement of European security, and the West should be prepared to accept some measure of arms limitation or redeployment in Europe.

Denmark

The Danish Foreign Minister said that Mr. Lloyd had put the situation in a nutshell when he said, "If Berlin goes, who goes next?" The West could not accept a development which involved United States troops leaving Europe or recognition of East Germany. Mr. Krag, however, agreed with Lloyd's idea of a European security zone, and he thought that it would be wise to take up the idea of creating a body of experts from the four occupying powers and the two Germanys, and to entrust it with the task of continuing, on a technical level, examinations of ways and means to render possible further negotiations for reunification on a governmental level.

Belgium

Belgium also came down on the side of flexibility. Mr. Wigny considered that the Western juridical position was becoming less convincing, and that there was a need to reinforce it. He suggested this might best be done by declaring the principle that it is impossible to establish a durable peace in the world by imposing on a great nation a political status which that nation has not accepted. He rejected the idea of a German peace treaty as no longer justifiable, and he though that if the Soviet Union accepted the principle of eventual reunification by free elections, the West could have practical dealings with East Germany, without implying either *de facto* or *de jure* recognition. Wigny entertained little hope for useful negotiations on partial or regional disarmament, but he thought that some "thinning-out" scheme which would not alter the present equilibrium of force might be workable, and might be valuable psychologically. He concluded his remarks with a suggestion that thought should be given to what the Western position would be if the forthcoming negotiations fail. Wigny was specially concerned with the role the United Nations might be called upon to play in such an eventuality.

Norway

Mr. Lange agreed with Lloyd that failing agreement on reunification on terms acceptable to the West, limited security arrangements should be feasible and, indeed, in NATO's interest, provided that they did not upset the present military balance, jeopardize Western security, discriminate against any nation, or be of a character to create new obstacles to reunification. He considered that it would be reasonable and worthwhile to seek supplementary arrangements which would guarantee the freedom of West Berlin, the continued presence of Western forces there and Western access to the city. Norway joined Canada in stressing that the possibility of some United Nations role in Berlin as the guarantor of any new arrangements agreed upon with the Soviet Union should be considered, but Lange warned that it would be dangerous to the United Nations to provide a solution.

Greece

The Greek statement was essentially a rejection of any degree of flexibility in the forthcoming negotiations. Any important concession to communism, Mr. Canellopoulas said, is a defeat of democracy.

The Netherlands

Mr. Luns also favoured an inflexible approach. He considered "all forms of disengagement" to be "dangerous questions," and he fully agreed, he said, with his French and German colleagues that there are great dangers indeed in trying to give another legal justification to our presence in Berlin. To approach the coming talks in the spirit that these must succeed might lead the West into a much weakened position, and the correct policy, therefore, would be an absolute determination to stand fast on our basic rights.

Turkey

Mr. Zorlu echoed the Greek statement in rejecting any regional security arrangements, or, indeed, any form of compromise by the West. Firmness, he said, will force the Soviet Union to back down.

At the conclusion of the presentation of these statements of national positions, Mr. Spaak reminded the Council that all members of NATO are involved in the present crisis, and that it is important therefore, that they should have a common policy for dealing with it. He complained that while there had been a number of able set speeches there had so far been little interplay of ideas, and that the discussion had not progressed to the point of reconciling conflicting views. It was important, Mr. Spaak said, that if the negotiations with the Soviet Union failed, no one should be able to say that he had been consulted insufficiently or that he had been dragged into a policy with which he did not agree. Beyond the point on which there was general agreement, there were divergences of opinion which should be clarified.

Was the approach to the negotiations, he asked, to be dominated by the idea of German reunification by free elections? He himself was convinced that the USSR would never accept the principle of free elections, and that if the West insisted on its acceptance, the negotiations would not succeed. Could the Berlin problem be solved only in the context of a solution of the wider German problem? Mr. Spaak thought it important to recognize that if no solution to the German problem could be found, the negotiators would have to consider Berlin in isolation. Did the references which had been made to a "packaged deal" mean that questions of security were to be indissolubly linked with reunification? Was a German peace treaty necessary? He thought that this was an obsolete idea, and one which could be of no real benefit for the West to pursue. Speaking of the possibility of a United Nations role in solving the Berlin crisis, Mr. Spaak said that if an agreement is concluded with the Soviet Union, it could be guaranteed by the United Nations, but he did not believe that a solution which would flow from United Nations consideration of the problem would be the best one. At the same time, he pointed out, the day may come when the West may have to plead its case before the United Nations, and the case must, therefore, be a good one; it should be based on something beyond the right of conquest.

Although he drew attention to these divergences of opinion, Mr. Spaak did not think that the West needed to fear them, and he did not think that the members of the Alliance were as far apart as they might appear to be. He appealed to the delegates to consider what should be included in the communiqué, and what direction should be suggested by the Council for the negotiators and the group of experts whose work would be continuing.

Despite Mr. Spaak's words of encouragement, the Washington meeting revealed that important differences still persist within the alliance about the Western approach to the negotiations with the Soviet Union and to the problems of Berlin, Germany and European security. Even though the discussions gave little indication of the development of the substantive positions of the four major powers in preparing for the coming negotiations, it was obvious that there was basic disagreement between the United Kingdom on the one hand and France and Germany on the other, with the United States somewhere between, but close to the latter. Moreover, it was apparent that the other members of the alliance were also divided into two camps which can be roughly characterized as "firm" and "flexible." In the first category would be those who do not believe that genuine negotiations with the Russians offer real prospects for improving the situation. The second group is made up of those who are convinced that negotiations must be approached with a full understanding of the need to make them effective since "firmness" implies acceptance of a possible resort to force, which today means thermonuclear weapons. All members agreed that there are certain essential points on which the alliance must remain absolutely firm, and which must be preserved at all costs, but there

were significant differences of opinion about how these should be preserved, and about the interpretation which should be given to "firmness." What seemed to be firm to some countries was far too flexible to others and *vice versa.*

Berlin

The basis of the disagreement over the Western approach to the Berlin crisis was the question of whether the right of conquest remains a strong enough justification for Western military presence in Berlin in the eyes of world public opinion, particularly as it is represented in the United Nations. France, Germany and the Netherlands insisted that there was no need to seek further justification, and, indeed, that it would be dangerous to do so because such an action might weaken the present juridical position. The United Kingdom, Canada, Belgium, and Norway, however, maintained that an effort should be made to improve the present position by some supplementary agreement with the Soviet Union.

Belgium proposed that it could be reinforced by a declaration of the principle that it is impossible to establish a durable peace in the world by imposing on a great nation a political status which that nation has not accepted, and suggested that the Soviet Union would find it difficult to deny this principle. Canada proposed that it would be useful to bring in the United Nations as a guarantor of any new arrangements for Berlin emphasizing that the United Nations responsibility would be merely complementary to the present rights and obligations of the four occupying powers. Norway joined Canada in presenting this proposal, and Italy also suggested that there might be a role for the United Nations in a solution of the Berlin crisis. Both Norway and Belgium warned, however, that it would be dangerous to Western interests to allow the Berlin dispute to be taken out of the hands of the occupying powers and carried to the United Nations for solution.

German Reunification

There was, of course, no disagreement about the desirability of an eventual reunification of East and West Germany by free elections into one political entity with Berlin as its capital. There was disagreement, however, about the position it should occupy in the West's catalogue of goals. France and Germany insisted that the West should put forward reunification as a first aim on which there could be no compromise, even though they realize that it is unattainable in the foreseeable future. Italy, Canada, Denmark and Belgium, on the other hand, were prepared to acknowledge that a more pragmatic approach might have to be adopted. If the Soviet Union agreed to the principle of eventual reunification by free elections, they suggested, the West could even have practical dealings with the East Germany, and the idea of co-operation between the two Germanys as a prelude to reunification might be implemented, perhaps through the agency of a continuing commission which would foster technical, commercial and cultural contacts.

European Security

On this problem too there was a division of opinion within the alliance. The United Kingdom, while disclaiming any desire to promote disengagement, proposed that a system of inspection and limitation of armament within an agreed area would be a positive step towards the resolution of differences between East and West. France and Germany, supported by Turkey, Greece and the Netherlands, favoured the rejection of any proposal for security arrangements which was not conditioned on the achievement of German reunification, and the British plan was, therefore, unacceptable to them. Italy thought that it was dangerous in view of the existing disposition in the military positions in Europe of East and West, and insisted that the essential basis of any security system must be efficient control. Denmark and Norway, however, agreed with the United Kingdom that limited security arrangements were not only feasible, but in NATO's interests so long as they did not upset the present military balance or

jeopardize Western security, and Belgium also supported the idea of a "thinning-out" of military forces in Europe as a gesture of faith and good intentions which would be psychologically valuable. Similarly, Canada considered that the West should be prepared to accept some measures of arms limitation or redeployment in Europe, particularly if there was some progress towards the solution of political problems.

The need for a united Western stand in the face of Soviet threats was a constant theme of the Washington discussions, and, despite the divergences outlined above, the members of NATO were genuinely united on a number of significant points. They were unanimously agreed on the necessity of preserving the West's essential interests in Berlin and Germany, including the free existence of West Berlin and the freedom of its people, the maintenance of Western military presence in Berlin, the ultimate reunification of Germany by free elections, and the maintenance of Western military security. Perhaps because they were not as yet clearly defined, the various national policies for preserving these essential interests were not well coordinated in Washington. In deciding to provide appropriate opportunities for consultation in the coming weeks, however, the meeting offered the hope that this coordination will be achieved before the negotiations with the Soviet Union begin. The timetable for consultation adopted by the Council is designed to ensure that the views of the "non-four" members of NATO will be taken into account by the Four Power Working Group in its preparation of the West's bargaining position in the forthcoming Foreign Ministers' and Summit Conferences, and for this reason the Washington meeting marked a significant strengthening of the collective responsibility of the alliance.

[GEORGE PEARKES]

4e PARTIE/PART 4

ARMES NUCLÉAIRES
NUCLEAR WEAPONS

88. DEA/50219-AL-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 891 Paris, May 1, 1959

SECRET. OPIMMEDIATE.

Repeat London, Washington, Bonn, Paris (OpImmediate) (Information).

PROPOSED NATO PRESS RELEASE ON NUCLEAR WEAPONS

NATO Council was called into private session yesterday afternoon to consider a proposal from Secretary General that NATO issue a press release on arrangements being made for provision of nuclear weapons to NATO forces.

2. Secretary General advanced two reasons for this proposal. First was recent Soviet move in notes to USA, Germany and Italy, to represent provision of nuclear weapons to NATO forces

as an attempt to place before Geneva Conference a fait accompli.[94] Second was complication that agreements between USA and four or five NATO countries regarding establishment in these countries of stockpiles of nuclear warheads are about to be concluded. Final acceptance of these agreements by USA involves usual procedure of having them placed before Congress for a period of sixty days. To ensure that this can be done during current session of Congress USA Government wishes to place agreements before Congress on May 15. It is also anticipated that agreements would be discussed in parliaments of at least some of the other countries involved during the same period.

3. Object of proposed press release would be to place NATO position clearly on record and in proper perspective in light of recent Soviet Notes and any further public criticisms to which NATO or its members might be subjected by Soviets when negotiation of agreements becomes public knowledge.

4. Following discussion, on which we are reporting in separate telegrams, Secretary General undertook to circulate a revised draft press release for consideration by governments. It is desired that agreement be reached by Wednesday May 6 although there may be some further discussion tomorrow May 2 when Council meets to hear a report on recent meeting of the four Western Foreign Ministers on Germany.[95] It seems likely that a few countries may be in a position to state their views fairly definitely tomorrow.

5. Following is text of revised draft press release. Parts in square brackets at end of paragraph 2 are alternatives. Text Begins: "Council today considered recent Soviet Notes addressed to several NATO governments, in which it was represented that current programmes of NATO powers for introduction of modern weapons were an attempt to torpedo in advance the negotiations which will begin in Geneva May 11. Same allegations are to be found in communiqué issued after Warsaw Pact Meeting of April 28.[96]

Council have reviewed, in consultation with NATO military authorities, progress made in equipping and training of forces of the alliance with modern arms including arrangements concluded and under negotiation with certain NATO countries [for the establishment of stocks of nuclear warheads and for the necessary training] [in this field].

Council noted that these programmes for improving NATO defences are the consequence of long-established NATO policies which were arrived at through joint decisions of NATO countries. They have been in process of implementation for over two years, as is shown by statement issued after Heads of Government Meeting December 1957, reaffirming decision previously taken to equip NATO forces with modern weapons. This disposes of any suggestion that these measures have an aggressive purpose or that they are designed, as alleged in Soviet Notes, to prejudice the success of forthcoming meeting in Geneva.

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[94] Voir le texte de la note soviétique du 22 avril 1959 aux États-Unis dans *The New York Times*, April 23, 1959, p. 4.
For the text of the April 22, 1959 Soviet note to the United States, see *The New York Times*, April 23, 1959, p. 4.

[95] Voir le rapport sur cette conférence dans *Foreign Relations of the United States, 1958-1960*, volume VIII, (Washington: United States Government Printing office, 1993) pp. 655 à 672.
For a report of this meeting, see *Foreign Relations of the United States, 1958-1960*, Volume VIII, (Washington: United States Government Printing office, 1993) pp. 655-672.

[96] Voir/See *The New York Times*, April 29, 1959, pp. 1-2.

Council agreed that considerations expressed in its communiqués of May and December 1957[97] are still valid today. In December 1957 NATO Heads of Government stated that "The Soviet leaders, while preventing a general disarmament agreement, have made it clear that the most modern and destructive weapons, including missiles of all kinds, are being introduced in Soviet armed forces. In Soviet view, all European nations except USSR should, without waiting for general disarmament, renounce nuclear weapons and missiles and rely on arms of the preatomic age. As long as USSR persists in this attitude, we have no repeat no alternative but to remain vigilant and to look to our defences. We are therefore resolved to achieve the most effective pattern of NATO military defensive strength, taking into account the most recent developments in weapons and techniques."

Council recalls and emphasizes particularly the following statement which was included in the communiqué of May 1957, which constitutes essential basis of NATO policy in this matter: "Pending an acceptable agreement on disarmament, no repeat no power can claim the right to deny to the alliance the possession of the modern arms needed for its defence. If however the fears professed by USSR are sincere, they could be readily dissipated. All that is needed is for USSR to accept a general disarmament agreement embodying effective measures of control and inspection within framework of the proposals made on numerous occasions by the Western powers, which remain an essential basis of their policy." Text Ends.

89. DEA/50219-AL-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], May 4, 1959

PROPOSED NATO PRESS RELEASE ON NUCLEAR WEAPONS

The Secretary General, with the support of the United States, the United Kingdom, France, Germany, the Netherlands, Turkey and Greece, proposed on April 30 the early issuance of a NATO press release concerning the arrangements being made for the provision of nuclear weapons to NATO forces. These arrangements include bilateral agreements which would permit nuclear weapon training and the exchange of nuclear information (the Canada-U.S.A. agreement can be included in this group but it will not be tabled before Congress until approval has been given by Canadian Ministers). It was argued that such action was necessary before the opening of the Geneva Conference (which will roughly coincide with the tabling of the agreements) as a means of effectively dealing with present and possible future Soviet charges that the Western powers concerned are pressing ahead their efforts to install nuclear armaments in NATO countries in order to torpedo the East-West meetings; the proponents of the release contended that it was essential to present the agreements in the proper NATO context and to reaffirm continuing NATO support for the decisions taken at the Heads of Government meeting in December 1957.

2. Although a number of the supporters of this proposal recognize that the timing of the presentation to Congress and the public of these agreements is unfortunate, they accepted the U.S. argument that the agreements must be placed before Congress before May 15 if they were

[97] Voir le volume 22, document 625, note 86, et le volume 24, document 256, note 55.
See Volume 22, Document 625, footnote 86, and Volume 24, Document 256, footnote 55.

to receive approval this Session. To postpone action in this respect would (in the U.S. view) mean allowing the U.S.S.R. to force a delay of at least six months in NATO efforts to modernize its defence forces in accordance with an orderly plan agreed upon in 1957.

3. The proposal for a NATO press release can be regarded as a manoeuvre by the Four Powers to arrange a show of firmness on the eve of the Geneva talks. Tied as it is to the Soviet notes, the proposal appears to us to bear the earmarks of a cold war exercise. We find it difficult to understand why it was not possible to introduce this delicate problem of presentation of the bilateral agreements at the Washington Council meeting early in April. The Soviet notes, which have so far received little publicity, and are similar to others presented in the past, would not seem to us to offer grounds for organizing rapidly a NATO display of solidarity. Moreover, a release at this time on a subject which has been given little publicity since December 1957 may suggest to the world that special attention is being given to nuclear armament on the eve of the Geneva talks when this, in fact, is not the case.

4. We also have reservations about the clear implication in the release that, if the Soviet Union would only agree to Western proposals "for general disarmament embodying effective measures of control and inspection" then the West would not find it necessary to implement its earlier decision for modernizing NATO's forces. When the Western powers have since 1957 obviously adopted a more limited approach to disarmament (e.g. nuclear tests and surprise attack) this line strikes us as unconvincing.

5. Having said this, however, it must be recognized that we would probably find ourselves isolated if we attempted to veto the issuance of some such press release as that proposed by the Four Powers through Mr. Spaak. We must, moreover, bear in mind the necessity for preserving NATO solidarity on an issue which concerns the orderly re-equipment of NATO forces.

6. In the circumstances, I would recommend that we in the first instance register our reluctance to the issuance of the press release for the reasons stated above, but authorize Mr. Léger to move to a second position if our first becomes untenable in the light of the views of other Council members, i.e., a determined attempt to amend the draft press release along the following lines;

(a) emphasis on need for a factual report of the progress of NATO nuclear armament programme in order to eliminate any misunderstandings, such as evidenced in recent Soviet notes, of NATO governments intentions with respect to forthcoming East-West talks;

(b) avoidance of polemical tone in the release;

(c) redrafting of references in release to disarmament to suggest hope for future agreement rather than to hark back to past differences.

7. You will wish as well to consider the relationship of the proposed NATO press release to our own pending bilateral atomic agreement with the United States.[97] It has been proposed by the United States that soon after the agreement goes to Congress, the text be made public (as will be the case with similar bilateral agreements which the United States will be making with Germany, Greece, Turkey and the Netherlands). If this procedure is acceptable to the Canadian Government the agreement will be available for public discussions during the course of the East-West meetings at Geneva. Any lengthy delay in submission of the agreement to Congress

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[97] Voir Canada, *Recueil des Traités*, 1959, N° 16.
See Canada, *Treaty Series*, 1959, No. 16.

could mean that Canada would not be able to take advantage of its provisions until next year. You may consider that a general NATO reference to agreements of this kind in advance of their being made public would have certain advantages for us.

8. There is attached for your signature, if you concur, a telegram of instructions to our NATO delegation for use at tomorrow's Council meeting.[99]

N.A. R[OBERTSON]

90. DEA/50219-AL-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM DL-370 Ottawa, May 5, 1959

SECRET. EMERGENCY.
Reference: Your Tels 893† and 894† of May 1 and 898† of May 4, and our DL-364† of May 1. Repeat Washington, CCOS, DM/National Defence, London, Paris (Information).

PROPOSED NATO PRESS RELEASE ON NUCLEAR WEAPONS

We have carefully considered in this Department the draft press release in the light of your reports and the information received from our Embassy in Washington. We have noted that the majority of members in the Council favour the Secretary-General's proposal in principle but that there is still a divergence of views regarding the wording of the draft.

2. The explanations offered and the manner in which this proposal has been presented leave the impression that it may be a manoeuvre by the Four Powers to arrange a show of firmness on the eve of the Geneva talks.

3. Tied as it is to the Soviet notes, the press release bears the earmarks of a cold-war exercise. We find it difficult to understand why it was not possible to introduce at the Washington Ministerial Meeting the problem of public presentation of the bilateral agreements.

4. The Soviet notes, which have so far received little publicity, and are similar to others presented in the past, do not seem to us to require the hasty organizing of a NATO display of solidarity.

5. We appreciate that the agreements will undoubtedly provoke some public discussion when they are presented to Congress and to the parliaments of other countries. We are inclined to think however that a release on the eve of the Geneva talks on a subject which has been given little publicity since December 1957 may serve to focus public attention on the agreements and suggest that special attention is being given to the NATO nuclear programme at this time when, in fact, this is not the case.

6. We also agree with the reservations you have expressed in the Council concerning the references to general disarmament. (The Germans may be the main proponents of this line

[99] Note marginale :/Marginal note:
Telegram approved by P.M. subject to two textual amendments, and one general instruction recorded separately. H.B. R[obinson] May 5.

as a means of demonstrating that the Western powers are not prepared to contemplate any regional disarmament measures.) When the West has since 1957 obviously adopted a more limited approach to disarmament, the proposed reference to general disarmament strikes us as unconvincing.

7. While we do not believe[100] that a draft press release is either necessary or desirable at this time, we do not consider that an attempt on our part to veto this proposal would serve any useful purpose. Moreover we must bear in mind the necessity of preserving NATO solidarity on an issue which concerns the orderly re-equipment of NATO forces. Consequently, you should, in the first instance, register strongly[101] our reservations along the lines of paragraphs 3 to 6 above. In the event it is clear that there is no support for our views, you should endeavour to press for amendments to the press release along the following lines:

(a) Emphasis on the need for a factual report of the progress of the NATO nuclear armament programme in order to eliminate any misunderstandings, such as are evident in the recent Soviet notes, of intentions of Western Governments with respect to the forthcoming East-West talks. This aim might be served by indicating in the opening paragraphs that on the eve of the East-West talks there would appear to be a serious misunderstanding in the minds of the leaders of the Soviet Bloc regarding Western intentions in proceeding with an orderly development of their programme for modernizing the forces of the NATO alliance. The Western powers attach importance to maintaining a favourable climate for the forthcoming meetings with the Soviet Union. Since any misunderstanding on the part of the Soviet Bloc could worsen the prospects for fruitful negotiations, the NATO powers concerned feel that it is important to make clear the routine nature of their efforts to implement decisions which were taken nearly two years ago. At this point the release could review the progress made and perhaps make reference to the expected parliamentary discussions in several of the NATO countries.

(b) The sections relating to disarmament, if required, should be redrafted to suggest hope for future agreement rather than to hark back to past differences. This could be accomplished by deletion of the section on disarmament as contained in the NATO communiqué of May 1957 and its replacement by a passage along the lines of the Prime Minister's statement on defence in the House of Commons on February 20. On that occasion he expressed the view that even though the Western countries must reluctantly admit the need in present circumstances for nuclear weapons of a defensive character they are determined to leave no avenue unexplored in the search for an acceptable disarmament agreement with the Soviet Union.

While the passage from the December 1957 communiqué is acceptable we would favour its insertion at the beginning rather than the end of the sections dealing with the progress achieved in implementing the decisions of the Heads of Government meeting in 1957. This would place the subject in better perspective and would carry less suggestion that we are using disarmament as a propaganda stick with which to beat the Soviet Union.

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[100] Diefenbaker a remplacé « are not persuaded » par « do not believe ».
Diefenbaker replaced "are not persuaded" with "do not believe".

[101] Diefenbaker a remplacé « again » par « strongly ».
Diefenbaker replaced "again" with "strongly".

91. DEA/50219-AL-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM DL-373 Ottawa, May 5, 1959

SECRET. EMERGENCY.
Reference; Our telegram DL-370 of May 5.
Repeat Washington, London, Paris, CCOS, DM/National Defence (Information).

PROPOSED NATO PRESS RELEASE ON NUCLEAR WEAPONS

Following from Robertson to Léger:

I thought I should let you know that the Prime Minister, in approving the instructions contained in our telegram under reference, expressed real concern at the effect which the issuance of such a NATO press release as that proposed could have on the Geneva discussions. He remains unconvinced that the issuance of such a press release serves important enough purposes to justify the risk of its possible deleterious effect on the Geneva talks. He believes that our concern in this respect is soundly based and worthy of further consideration by the Council.

2. For that reason, if there seems to be overwhelming support in the Council for issuance of a press release, he hopes that you will urge strongly upon the Council the desirability of drafting changes along the lines suggested in our telegram with the object of making the statement as modest and realistic as possible in the circumstances.

3. We have been able to give only the most preliminary consideration to the substance of the draft United States reply to the Soviet note of April 21[102] which was dealt with in your telegram 905.† In general terms this draft seems to be somewhat more combative in tone than the United States Note of March 26.[103] As a matter of detail we find the wording in the first paragraph somewhat puzzling since specific mention is not made in the United States note of Soviet threats concerning Berlin and a separate German Peace Treaty. We recognize however that the heart of the United States draft is the NATO press release and you may therefore wish to concentrate your remarks mainly on that subject. I do, however, feel that you should do all you can to prevent the NATO press release if it is issued from assuming the proportions of a "declaration," a term which we see has now crept into the correspondence.

4. I have just seen the Minister of the United States Embassy in Ottawa. I indicated that we were not happy with the proposed NATO press release. I said that I believed that neither the press release nor the proposed United States reply to the Soviet note struck me as being adequate. The Soviet note of April 21 was too plausible in tone to be answered in this fashion. I said that, had we had more time to consider the question, we might well have suggested deferring our own atomic agreement with the United States in order to contribute to the best possible background for the East-West meetings. I said finally that the references to general

[102] Voir/See *Department of State Bulletin*, Vol. XL, No. 1039 (May 25, 1959), pp. 741-742.
[103] Voir le document 85, note 84./See Document 85, footnote 84.

disarmament in terms of our 1957 decision struck us as unrealistic and did not appear to us to be good diplomatic stance for entering the Geneva negotiations.

5. I hope these comments will be of some value to you as an indication of the real worries we have in Ottawa over the soundness of the proposal.

92. DEA/50219-AL-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 911 Paris, May 6, 1959

SECRET. EMERGENCY.
Reference: Your Tels DL-370 and DL-373 May 5.
Repeat DM/DND, Paris (Emergency), London, Washington (OpImmediate).

PROPOSED NATO PRESS RELEASE ON NUCLEAR WEAPONS

The position, following this morning's Council meeting, is that, except for one or two outstanding points of detail, all other delegates are prepared to agree to the issuance of a NATO press release and would like this done with the least possible delay. Our attitude has been made clear in accordance with your reference telegrams, and a drafting group composed of the Secretary General, the Permanent Representatives of the Western Four and myself is to meet at 3 p.m. this afternoon to consider what amendments, in addition to those already proposed, might be made in an effort to obtain Canadian agreement.

2. The following amendments to the text contained in our telegram 891 have already been proposed or accepted:

(a) In paragraph 1 "today" would be replaced by "on May 6;"

(b) In paragraph 2 "and" would be replaced by "or" before "under negotiation;"

(c) In paragraph 1 all after "certain NATO countries" would read "for the necessary training of personnel and exchange of information in this field [and for the establishment of stocks]." (Deletion of the phrase in square brackets is subject to a USA reserve.)

(d) The words "which constitutes the essential basis of NATO policy in this matter" might be deleted from the introductory part of the last paragraph (this suggestion was made by Stikker of the Netherlands in the hope it would assist us, and Burgess thought is would probably be acceptable in Washington.)

(e) There would be added at the end of the text the following sentence quoted from the December 1957 communiqué, presumably with some suitable introductory language: "We are also prepared to examine any proposal, from whatever source, for general or partial disarmament, and any proposal enabling agreement to be reached on the controlled reduction of armaments of all types." (This was proposed by Stikker and Boyesen in the hope that it would assist us and Burgess thought it would be acceptable in Washington).

3. I recalled that on May 2 I had stressed the following points:

(1) We thought it was preferable if the issue of a formal press release could be avoided because

(a) it would attract undue public attention to a Soviet note of a propaganda nature that NATO had ignored in the past; and

(b) national statements, if necessary cleared in Council, might be more effective.

(2) We saw danger in having NATO issue a communiqué implying NATO's determination to support nuclear armament of Western Europe until the USSR accepts "proposals made on numerous occasions by the Western Powers" regarding generally-controlled and inspected disarmament. We thought that at this time this would hardly be conducive to fruitful negotiations.

4. I reiterated that these comments were not addressed to the substance of the matter under consideration. At no time did we suggest that the bilaterals about special weapons should be delayed, nor that replies should not be made to the Soviet notes by those countries having received them. In this respect, I said, the Canadian position should be very clear. Indeed the time will come when we will have to conclude with Washington bilateral negotiations of our own about special weapons.

5. I suggested that, in quoting extensively from the December 1957 ministerial communiqué, the present draft in its last paragraph can be interpreted to mean that the nuclear policy of the alliance must be considered in the light of "a general disarmament agreement embodying effective measures of control and inspection." If this interpretation is correct, I thought the Council should be clear in its own mind that this is what it wants. If so, it would be restating a position that has been turned down by the USSR on several occasions and that, I suggested, is unrealistic.

6. I said the Council would recall that strenuous efforts have been made since 1957 to get Moscow to agree on a resumption of negotiations on general disarmament within the context of the UN. This has been to no avail. Meantime, however, some of the Western Powers have been conducting negotiations with the Soviets on partial issues, such as those of surprise attack and the suspension of nuclear tests.[103] It is therefore with the greatest of caution that we should inject at this particular time, on the eve of the opening of negotiations with the USSR, the issue of general disarmament as contemplated in 1957.

7. At the same time, I cautioned that this should not be interpreted to mean that the Canadian Government is opposed to the proposal that an effort be made at Geneva to relaunch discussions on disarmament. On the whole and under certain circumstances we think this would be a good thing but we must know the basis on which it is done since most, if not all, of our countries would be involved. Indeed the problem is of such magnitude that no progress can be made in Geneva within the framework of the powers represented there unless consultations are held with other countries. Hence, I said, it seems to us that as progress is made in Geneva on this score the Council must be kept informed.

[103] Voir/See Volume 24, Document 140.

8. Stating that the new instructions I had received confirm this stand, I read the substance of paragraphs 3 and 5 of your telegram DL-370 and added that, for the sake of NATO solidarity on an issue such as this, I would be prepared to co-operate in a redraft of the press release and would have comments to make if a working group were set up for this purpose.

9. All other permanent representatives supported the issuance of a press release and any reservations expressed were of a secondary nature. Some presented arguments which they hoped would carry weight with the Canadian Government and others, as indicated above, made suggestions which they hoped would assist us.

10. The main arguments put forward were as follows. If there is no NATO press release, the Russians will renew their propaganda campaign on nuclear weapons as soon as the agreements are made public. This will take place shortly after the Geneva Conference opens and would, if not forestalled, give the Russians an extraordinary opportunity to launch attacks on the Western countries concerned, using the Geneva Conference itself as a sounding board. This would tend to have a disruptive effect on the conference and would also tend to create divisions among Western countries.

11. This point of view was put forward by the Belgian representative, who said his country would soon be concluding a bilateral on nuclear weapons, and was strongly supported by the USA, UK and Turkish representatives. Roberts said that his government now considered the press release even more important than it had previously and that Mr. Lloyd feels he would be handicapped at Geneva if it were not issued. He added that his government regards the question at issue as essentially a problem in propaganda rather than one essentially touching the substance of East-West relations. He also made clear that his government now regards the press release as useful vis-à-vis critical elements of the UK population.

12. The other main argument was that, on an issue of this kind, it would be unwise for individual NATO countries to let the USA and the countries presently negotiating agreements stand alone. It was felt that, without stating any new NATO doctrine, it is desirable to have a common re-statement of the NATO attitude. This point of view was expressed by Belgium, Netherlands, Germany, USA, UK and Turkey.

13. The Norwegian representative praised the political wisdom in our point of view but said that his government, in the light of the general opinion in NATO, are prepared to agree to a press release, they feel that the real harm is done by the timing of the publication of the agreements and that the press release would not, in itself, be damaging. On general disarmament Boyesen agreed with our analysis but suggested that, since the press release is above all a propaganda document addressed to our own publics, it need not and should not be regarded as placing a formal limitation on the scope of the forthcoming negotiations. His government does not regard the press release as meaning that the West now turns its back on advances and changes in its disarmament positions since 1957, and they could not accept it on this basis. Nor, in the Norwegian view, should the press release be interpreted as meaning that there is no hope in the disarmament talks which have been going on in Geneva or may go on elsewhere. Boyesen thought that if misunderstandings on these scores should arise, they could be disposed of in some suitable manner. Boyesen was instructed to say that if, as a result of the press release, any misunderstanding should arise to the effect that decisions have been taken to establish IRBMs in Western Germany, these misunderstandings would have to be corrected and this should be done by NATO itself. The Secretary General undertook that, in this event, the NATO Press Officer would be authorized to take the necessary action.

14. The French representative, in supporting the press release, suggested that the quotations from the 1957 communiqués should be boiled down into brief references. He seemed to regard this as particularly ponderous, bearing in mind that the text of the press release is itself to be reproduced in the USA note. He said he regretted that the Canadian Government could not agree to the press release.

15. The Danish representative said his government had had doubts about the press release but was prepared to accept it in view of the general wish of the Council.

16. One or two possible compromises were suggested, for example, that NATO should agree on a common line which would be used by individual governments as they saw fit. A variant was that this common line might be expressed in a Council resolution. The idea itself did not attract much support and the UK and USA were opposed to a resolution, the UK on the grounds that this would amount to a re-formulation of NATO policy rather than a re-statement of common accepted policy. The Secretary General hinted that he had a possible alternative solution up his sleeve but he did not state it and clearly regarded it as a course which would not be very likely to have a strong appeal for the countries advocating a press release. In short, moves of this kind proved abortive and, with the Secretary General in the lead and the USA representative fully in agreement, it was decided to take the action described in the beginning of this message. I acquiesced in this because, in the circumstances, it is in accordance with your instructions.

17. The German representative made a last-minute effort to persuade the Council that, because of the difficulty which would exist in obtaining the agreement of individual governments to an amended text, it would be preferable if I would attempt to persuade my government to accept the press release as so far amended. The Secretary General firmly opposed this and suggested further that any text agreed by the drafting group should simply be circulated to other delegates in the hope that it would be acceptable to their governments. He thought that, since it could be assumed to be acceptable to the Western Four and to Canada, the other governments might find it easy to accept.

18. The crux of the question still is whether the Canadian Government can agree to the press release in the form in which it emerges from the drafting group. We will telegraph this to you with the least possible delay. Two factors impose a certain obligation on us to do our utmost to meet an extremely tight time schedule. The major factor is that is seems to be generally felt that it would be desirable to minimize the impression of calculation which may be given by the inclusion of the text of the press release in the USA note, by allowing as much time as possible between the issuance of the release and the transmittal of the note. We would also want to have both documents out of the way as far as possible in advance of May 11. The minor consideration is that Thursday, Friday and Saturday are holidays for the NATO staff and most delegates.

19. In these circumstances, the Secretary General has stated that, if Canadian agreement to a revised text is received by 11 a.m. Thursday, it will be hoped that all governments can accept it so that it can be released forthwith. If, on the other hand, the Secretary General is informed before 11 a.m. that the Canadian Government cannot agree, he will call another Council meeting. The effect of this is that, after 11 a.m. Thursday, neither the staff not delegates will be geared so that a meeting could easily be called. Of course this could be done if necessary, but it would be most desirable if your answer could be in my hands at the opening of business

Thursday morning. Burgess requested that any comments on the proposed USA note (our telegram 905) be made available by noon Thursday, if possible.

20. I would add that, although few delegates shared our point of view, we were treated with thoughtful consideration both by the Secretary General and by the Council as a whole.

J. LÉGER

93. DEA/50219-AL-1-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Special Assistant to Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], May 6, 1959

Mr. Léger needs instructions first thing tomorrow morning regarding the NATO press release on nuclear weapons. Mr. Robertson considers that Mr. Léger has carried out the instructions he received and has had a serous hearing by the Council, and that the Canadian point of view has had some impact although we were not able to prevail on the other NATO countries to abandon the whole idea of the press release. In these circumstances, Mr. Robertson would like to have a telegram sent to Mr. Léger saying that the Government leaves it to his discretion, as a member of the group drafting the press release, to ensure that the Canadian position is protected[105] in the wording of the release.

The reason for the urgency is that the NATO Council hopes to publish the release tomorrow, and it is clearly desirable that, now that the decision to issue such a release has been taken, there should be as little delay as possible in the issuance of it since it would be unfortunate if it were delayed until even closer to the opening of the Foreign Ministers' meeting on May 11.

H.B. R[OBINSON]

94. DEA/50219-AL-1-40

Le secrétaire d'État aux Affaires extérieures au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs to Permanent Representative to North Atlantic Council

TELEGRAM DL-377 Ottawa, May 6, 1959

SECRET. EMERGENCY.

Reference: Your Tel 911 of May 6.

Repeat Paris, London, Washington, CCOS, DM/DND (Information).

PROPOSED PRESS RELEASE ON NUCLEAR WEAPONS

I should like to congratulate you on the manner in which you presented the Canadian viewpoint on this issue. It would appear from your telegram under reference that you were able

[105] Note marginale :/Marginal note:
and respected [J.G. Diefenbaker]

to muster some support for changes in the text of the press release which would reflect more accurately the Canadian point of view.

2. In the circumstances and because of the extremely tight timetable, you are authorized within your instructions to agree to the press release as it emerges from the drafting committee provided you are satisfied that the Canadian position is respected.[106]

95. DEA/50219-AL-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], June 12, 1959

NATO NUCLEAR WEAPONS — FRENCH POSITION

The current French refusal to allow the storage of nuclear warheads on their soil for the armament of United States squadrons based in France, unless the French authorities have control over the use of the warheads, should be viewed in the wider context of de Gaulle's efforts to strengthen France's voice in the shaping of Western policies through the establishment of a tripartite directorate.[107] It would appear that the French President is still dissatisfied with the lack of response on the part of the United Kingdom and the United States to his earlier proposal and with the fact that France is not accorded by the United States treatment equal to that given the United Kingdom in respect of the exchange of nuclear information for military purposes.[108]

2. Essentially the French stand constitutes a challenge to the accepted NATO doctrine with respect to the acquisition and control of nuclear weapons. The rationale of the NATO position is a combination of the basic requirement of United States law that the custody of nuclear warheads must remain with the United States until a release is obtained from the President, and the general military view that SACEUR must have overall authority in matters relating to the use of nuclear weapons in Europe especially insofar as current NATO strategy centres on their employment in time of war.

3. While it is not entirely certain that the French are striving for exclusive national control over nuclear weapons on their territory, their attitude with respect to IRBM's, for example, indicates that they feel that France should have a position not inferior to that of the United Kingdom whose IRBM's and strategic bombing forces are not under NATO control. In their view, any decision regarding the use of strategic nuclear weapons, particularly, should be a matter for a political judgment at the highest level. They take the view that the degree of political control exercised by NATO over SACEUR respecting the employment of nuclear

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[106] Voir/See Department of State, *Current Documents*, 1959 (New York: Arno Press), pp. 519-520.

[107] Voir le volume 24, les documents 286 à 299./See Volume 24, Documents 286-299.

[108] Voir le texte de l'accord britannique dans *Department of State Bulletin*, vol. XXXIX, No. 996 (July 28, 1958), pp. 161 à 164; voir le résumé détaillé de l'accord français dans *Bulletin*, vol. XL, N° 1039 (May 25, 1959), p. 769.

For the text of the British agreement, see *Department of State Bulletin*, Vol. XXXIX, No. 996 (July 28, 1958), pp. 161-164; for a detailed summary of the French agreement, see *Bulletin*, Vol. XL, No. 1039 (May 25, 1959), p. 769.

weapons is insufficient as control by SACEUR in their mind is synonymous with United States control. A memorandum examining the NATO and French positions in more detail is attached for your information.

4. Judging from the announced intention of General Norstad to transfer United States squadrons from France to bases in Germany, it would appear that the United States is not prepared to yield to French demands. If no accommodation is reached, the results of this impasse can indeed be serious for the Alliance. Not only will France tend to become increasingly isolated but greater reliance inevitably will have to be placed on the Federal Republic of Germany. Moreover, the growing differences may spur France to greater efforts in its campaign to develop its own nuclear armaments and thereby render more difficult any attempt to implement any accommodation which may be reached with the Soviet Union on nuclear tests. In military terms the French stand on nuclear weapons will probably render impossible the implementation of SACEUR's plans for the integration of European air defences. Coupled with the French refusal to place its Mediterranean Fleet under NATO command in wartime, the net result has been the creation of a most unfavourable psychological climate for NATO defence planning.

5. In most respects the French attitude conflicts with the Canadian position in the sense that

(i) it is stated Government policy that Canada is opposed to the spread of nuclear weapons at the independent disposal of national governments;

(ii) we have expressed our intention not to undertake the production of nuclear weapons in Canada, even though we believe Canadian scientists and technicians are quite capable of producing them;

(iii) although we plan to equip Canadian forces with modern weapons we consider it expedient that the ownership and custody of the nuclear warheads should remain with the United States;

(iv) we have never questioned the present NATO arrangements regarding nuclear weapons for NATO forces in Europe;

(v) the French proposal for tripartite directorate would be unacceptable to the Canadian Government and people.

6. The Chairman, Chiefs of Staff has advised his Minister that the French attitude will not affect the operations of the six squadrons of the Air Division stationed in France until such time as it is re-equipped to assume the strike role recommended by SACEUR. He has indicated that if a decision were taken within the next month, June 1961 would be the earliest that new aircraft would be arriving for squadron use and it would be June, 1963 before the last squadron would be re-equipped. Moreover, if the French attitude persists in 1961 arrangements could be made to have the squadron requiring nuclear armaments to be moved to bases in Germany.

7. General Norstad explained yesterday to the NATO Council his plans for moving United States squadrons to bases outside France. It would appear from Mr. Léger's report that the meeting was devoted mainly to his statement and it was not intended that the Council should go into the substance of the matter. Mr. Léger's brief intervention was confined to noting that the Council meeting was designed to take stock of the situation in order to refer the matter to the respective governments. He stressed that there was a direct Canadian interest in the matter owing to the presence of the Air Division in Europe. As currently equipped it has an air defence role, but the French decision, Mr. Léger indicated, would naturally have a bearing on any decision which the Government will have to take.

8. We believe that in the present rather delicate situation resulting from the impasse reached with the French on the storage problem, no useful purpose would be served by a detailed exposition of the Canadian position concerning nuclear weapons. From the conversation which the Prime Minister had with General de Gaulle last autumn[109] and the public expressions of Canadian policy in relation to the equipment of Canadian forces with nuclear weapons (in particular the Prime Minister's statement on defence in the House of Commons on February 20) the French are fully aware of our opposition to their approach on the question of nuclear weapons and to General de Gaulle's proposal for the formation of a tripartite directorate. Any frank expression of Canadian views in the Council at this stage could hardly fail to be highly critical of the French attitude. In the circumstances, we think that such a statement might do more harm than good in the sense that it might only serve to harden the French attitude. If any Canadian statement is required we would be inclined, if you agree, to confine it to a comment along the lines of Mr. Pearkes' remarks in the House of Commons on June 11, when he gave an assurance to the Leader of the Opposition that the Canadian squadrons in France will not be redeployed out of France at the present time.[110]

9. While the present impasse is indeed cause for concern, we should perhaps also regard it as an opportunity to re-examine the present NATO doctrine with respect to the acquisition and use of nuclear weapons, and the political problems involved. We believe that, in part, the present difficulties may arise out of a lack of co-ordination between the military and political agencies of NATO and perhaps a failure to perceive the essentially political aspects of many of the arrangements for placing modern weapons in the hands of NATO forces in Europe. The decisions taken at the Heads of Government meeting in December, 1957, which form the basis for these arrangements, were arrived at hurriedly and were loosely formulated. To the best of our knowledge, no co-ordinated attempt has been made to consider in the NATO Council either a comprehensive survey of the progress achieved by the military authorities or the political implications of the arrangements which have been made. In a sense the Council has been not entirely at fault in this respect, since General Norstad, probably because of the French attitude, has displayed some reluctance to fully inform the Council of his efforts to implement the 1957 decisions.

10. Recently, however, General Norstad indicated that he would welcome closer and more frequent consultation between the Military Committee, as the senior NATO military body on which all members are represented and the NATO Council. So far no one in the Council has taken up General Norstad's open invitation, and it would be important, we feel, to know beforehand the precise nature of the subjects to be discussed before holding a joint meeting. In the circumstances, we propose to explore this matter carefully with the Chairman, Chiefs of Staff and the Department of National Defence. If you agree, we propose to recommend to them that M. Léger might suggest in the Council that an effort be made to arrange for a joint meeting of the Council and the Military Committee at an early date and that one of the important tasks of such a meeting might be a review of the whole range of NATO policy relating to atomic weapons. Such a review would be of special interest to Canada since we are, as you know, on the threshold of equipping Canadian forces with nuclear weapons.

N.A. R[OBERTSON]

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[109] Voir le volume 24, les documents 392 et 394./See Volume 24, Documents 392 and 394.

[110] Voir Canada, Chambre des Communes, *Débats*, 1959, volume IV, 11 juin, pp. 4782 à 4783. See Canada, House of Commons, *Debates*, 1959, Volume IV, June 11, 1959, p. 4560.

[PIÈCE JOINTE/ENCLOSURE]

Annexe

Annex

SECRET [Ottawa], June 12, 1959

NATO NUCLEAR WEAPONS

Intermediate Range Ballistic Missiles

The United States offer of IRBM's was made at the 1957 December Ministerial Meeting in the following terms:

"The United States is prepared to make available to other NATO countries IRBM's for deployment in accordance with the plans of SACEUR. Nuclear warheads for these intermediate missiles would become part of the NATO atomic stockpile system. Such intermediate missiles deployment would be subject to agreement between SACEUR and the countries concerned and to agreement between each such country and the United States with respect to materiel, training and other necessary arrangements."

According to the information available, the IRBM delivery systems and missiles, minus warheads, are supplied by the United States to NATO in the first instance. They are then assigned on the basis of a bilateral agreement negotiated by SACEUR with the host country, to those forces of the host country which come under SACEUR's operational command with SACEUR retaining full and direct operational command over the weapons in both peacetime and wartime. SACEUR maintains that he must exercise such control in peace and war because it is the type of weapon which must react quickly in the event of an all-out nuclear assault on the NATO area — and partly because the weapons themselves would be prime targets.

The United States offer to provide stockpiles of nuclear warheads for IRBM's is conditioned by their reservation of custodial rights. A further condition is that, in the event of an emergency, the warheads would, on the authorization of the President of the United States, be released to the custody of the appropriate NATO Supreme Allied Commander for employment by the NATO IRBM units under his command (and not to European Governments or national forces directly.)

Although no NATO pattern has been clearly established, the agreements concluded in the case of Italy are relevant. According to the information available, an agreement was concluded between SACEUR and the Italian Minister of Defence and a second agreement between the United States and Italian Governments.[111] The former would appear to be what SACEUR has described as "a special command arrangement." The significant passages in this agreement provided

1. "the decision to launch the missiles will be taken by SACEUR upon agreement with the Governments of Italy and the United States" and

[111] L'accord officiel entre les États-Unis et l'Italie concernant le déploiement de missiles balistiques sur le sol italien a été signé le 30 mars 1959. Voir *Foreign Relations of the United States, 1958-1960*, volume VII, Part I (Washington: United States Government Printing Office, 1993), p. 453.

The official agreement between the United States and Italy concerning the deployment of ballistic missiles on Italian soil was signed on March 30, 1959. See *Foreign Relations of the United States, 1958-1960*, Volume VII, Part I (Washington: United States Government Printing Office, 1993), p. 453.

2. the nuclear warheads would remain in the custody of the United States.

The second agreement contained the same important provisions, but included much greater detail regarding the provision of the missiles to Italy.

The two squadrons of IRBM's in Italy are manned exclusively by Italians under the direct command of an Italian Major-General. He, in turn, comes under NATO command through the regular military hierarchy. When asked by Mr. Wilgress whether the Italians retained a veto over the launching of the missiles, SACEUR's first reply indicated that a veto was inherent in the fact that the Italians were actually in possession of the missiles. The reference in the agreement to "upon agreement with the Governments of Italy and the United States" might also be regarded as a right of veto. A report from our NATO Delegation has confirmed that the consent of the Italian and United States Governments will be given at the time a decision to launch the missiles is required.

French Position

France has refused to allow the deployment of IRBM's (and the larger SSM's) on French territory under SACEUR's operational command, and has thus far refused to agree to the common financing of the infrastructure required for these weapons in other countries. The French position is that these are strategic weapons and that a decision to use them should only be taken on political grounds at the highest national level. The French maintain that they are no more prepared to abrogate their sovereignty in this respect than are the United States and the United Kingdom, of which neither has committed its strategic bombing and missile forces to a NATO command.

It would appear that the French would not be prepared to accept anything less favourable than the rights accorded the United Kingdom under its agreement of February 22, 1958,[112] with the United States. As we understand it, the basic distinction between that agreement and the Italian agreement is that the missiles and the delivery units remain under exclusive United Kingdom control in peace and war, whereas in the case of the Italian agreements SACEUR retains that control. The French argue that, in the case of the NATO arrangements "the decision to use the weapons would not depend on NATO, and countries other than the United States or those countries on whose territory they are sited would consequently have no say in any such decision."

The French argue that placing the weapons under SACEUR's operational control does not even provide NATO as such with effective political control over their use, since SACEUR is not necessarily obliged to consult Council before engaging the forces under his command. As far as we can judge, the French are correct in this assumption, in the sense that the NATO military authorities consider themselves to be guided by the 1956 political directive which provides for consultation by SACEUR with the Council regarding the employment of forces under his command only if there is time.

Tactical Nuclear Weapons

a. *Delivery Systems* (e.g. Honest Johns, Lacrosse, etc.)

There is no evidence that there are specific conditions attached to the United States offer to supply NATO governments with ground-to-ground, ground-to-air, and air-to-air missile delivery systems. It is clear that the United States is willing to turn over these delivery systems to national governments for deployment with their forces under either national or NATO command. SACEUR has said that these systems normally are offered by the United States under military assistance programmes, and become the property of the recipient nation. He

[112] Voir/See *Department of State Bulletin*, Volume XXXVIII, No. 977 (March 17, 1958), pp. 418-419.

does not consider it necessary to control directly in peace time these delivery systems which have a more limited range and which would be used in a supporting role.

b. *Nuclear Stockpiles for Tactical Weapons*

The stockpiles of nuclear warheads remain under United States custody in peacetime wherever they are located. In the event of hostilities they are released, on the authorization of the President, to the appropriate NATO commander for employment by the forces under his command. They are not provided to the European governments or the national forces directly.

Separate bilateral arrangements are negotiated between the United States and the NATO nations concerned regarding the storing of such warheads on national territories.

The storage facilities (as opposed to the warheads) are to be financed as part of the NATO common infrastructure programme.

French Position

So far as we are aware, the French have no objections to the arrangements for providing delivery systems to NATO forces. In addition, they have agreed to the common financing of stockpile sites and facilities for warheads for most types of tactical weapons, including the sites for storing nuclear ammunition for the United States air squadrons stationed in France.

They have, however, proved to be obdurate in respect of an agreement with the United States regarding the actual storage of warheads on their territory. It would appear that they are objecting to an arrangement which, in their view, allows the United States complete control over their use. In effect, they would appear to be striving for the right to have a veto over the use of nuclear weapons stored on their territory which, in this instance, are to be used by United States squadrons stationed in France.

96. DEA/50219-AL-1-40

Note du chef de la Direction européenne
au chef de la 1ere Direction de liaison avec la Défense

Memorandum from Head, European Division,
to Head, Defence Liaison (1) Division

SECRET [Ottawa], June 29, 1959

Copy: NATO Paris; Paris.

STORAGE OF ATOMIC WEAPONS ON FRENCH TERRITORY

The French Ambassador called last week to leave with me the attached memorandum which was prepared to explain the inter-relationship of the French position in regard to the storage of atomic weapons on French territory and the problem of the organization of world security. The Ambassador said that this was thought to be desirable since press comment had been inclined to attribute the wrong motive to the French decision not to accept atomic weapons under present arrangements.

2. I asked the Ambassador to elaborate on the point that "les arrangements envisagés au sujet des stocks d'armes atomiques ne tiennent pas compte des nécessités globales de la défense." I said that while it is no doubt correct that the arrangements for stocks of atomic weapons in NATO countries did not cover global defence responsibilities, it was also true that these arrangements were neither inconsistent with nor contradictory to whatever global defence plans might be in application. Did it mean that the French were not prepared to participate further in the atomic defence arrangements until global defence plans satisfactory to them had been

agreed upon. The Ambassador said that he understood that this was the interpretation to be put on the argument.

HENRY F. DAVIS

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassade de la France

Memorandum by Embassy of France

[Ottawa], le 24 juin 1959

La question de l'entreposage d'armes atomiques sur le territoire français ne doit pas être séparée du problème d'ensemble que pose l'organisation de la sécurité dans le monde.

En effet, la France a, en outre de ses responsabilités au titre du Pacte atlantique, la charge de la sécurité de territoires nombreux et très étendus qui ne sont pas inclus dans la zone couverte par l'OTAN.

D'autre part, les intérêtes vitaux de l'Occident sont menacés dans des régions du monde extérieures à cette zone.

La défense de ces intérêts incombe au Pays qui exercent, à divers titres, des responsabilités mondiales.

Le Gouvernement français estime urgent de pourvoir à l'organisation de cette défense à l'échelle du monde. Ayant signalé l'importance capitale de ce problème, il considère qu'il ne doit pas prendre de nouveaux engagements au titre de l'OTAN aussi longtemps que les décisions nécessaires n'auront pas été prises pour le résoudre. En particulier, il considère que les arrangements envisagés au sujet des stocks d'armes atomiques ne tiennent pas compte des nécessités globales de la défense : c'est pour cette raison — et non, comme l'idée en a été suggérée dans la presse, parce qu'il aurait subordonné son adhésion à ces arrangements à la communication d'informations sur la fabrication des armes atomiques — que le Gouvernement français ne s'est pas estimé en mesure de donner cette adhésion.

Il juge pour sa part, et pense que tous les Pays occidentaux doivent également juger, que si les Puissances qui en ont les moyens n'organisent pas la défense des intérêts vitaux du monde libre, celui-ci risque de nouvelles défaites politiques dans les régions qui sont le plus menacées, et peut-être la naissance, dans ces régions, d'un conflit où le monde libre tout entier pourrait être entraîné.

97. DEA/50030-AB-5-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], July 23, 1959

RE-DEPLOYMENT OF USAF SQUADRONS STATIONED IN FRANCE

There has been a certain amount of criticism in the press recently concerning the lack of consultation in NATO regarding the decision to re-deploy USAF squadrons from bases in France as a result of the French refusal to permit the storage of nuclear warheads on their

territory. An example of this criticism was contained in a *Globe and Mail* editorial of July 9 (copy attached).†

The charge of the alleged inadequacy of NATO consultation in the attached editorial is a confused charge. The editorial implies that the France-United States difficulties are basic evidence that there is no NATO policy on the siting and control of nuclear weapons. The fact is that there are both policies and plans to implement those policies which have been discussed in NATO. (We must, of course, keep continually under review the arrangements for political consultation in NATO relating to control over the use of nuclear weapons).

The present difficulties cannot be blamed on NATO or on the alleged absence of any NATO policy concerning nuclear weapons. Clearly the impasse has been reached because General de Gaulle is determined to refuse to cooperate in NATO until the United States and the United Kingdom agree to France having a voice in the direction of global policy, especially in relation to decisions involving the use of nuclear weapons. The refusal to permit the storage of nuclear weapons on French territory is but one act in a series designed to gain his main objective. Since this seems to be the generally accepted motive behind the French position on the storage of nuclear warheads, it is difficult to see how consultation in NATO on the basic problem would be either useful or desirable, particularly when there is no evidence that the French are prepared to discuss the matter.

It is, of course, proper that the redeployment of NATO forces made necessary by General de Gaulle's current stand should be discussed in Council, and this was done. It seems to us that SACEUR fulfilled his responsibility in informing the Council that the only course open to him as the Commander responsible for defending the NATO European area was to recommend that the particular interceptor squadrons in question should be put where they could be armed with the atomic weapons which they are required to have to fulfil their assigned role. While individual members of the Council might regret the circumstances which made this course of action necessary, they could hardly contest its reasonableness.

On June 11 General Norstad provided the Council with a detailed exposition of the situation and explained his intentions regarding the redeployment of the USAF squadrons. There was also a discussion in the Council on July 8 when the United States and United Kingdom representatives expressed their governments' support of SACEUR's decision. The French representative simply noted the statement of the United States representative and remarked that he assumed the whole problem would be looked into further by the Standing Group and the Military Committee. Mr. Léger joined with the Norwegian and Netherlands representatives in expressing concern at the apparent finality and long-term character of the arrangements (which SACEUR, in his first report to Council, indicated were necessary because of the Berlin situation), and in voicing the hope that further negotiations between the parties concerned might be possible. In response to inquiries from a number of delegations. M. Spaak agreed to re-open discussions of the general problem in the Council at a suitable time when it appeared that the results might be fruitful.

In addition to the discussions which took place in the Council, Air Vice Marshal Dunlap, a senior officer on SACEUR's staff kept Mr. Léger fully informed of developments on the military side. We were also well supplied with reports from the Americans through our Embassy in Washington. I am attaching a letter† which I received recently from the United States Minister, Mr. Tyler Thompson, concerning Canada-United States consultation on this matter.

You may also be interested in the attached excerpt from *Hansard*† recording the exchange which took place between Mr. Pearkes, Mr. Pearson and myself on July 9 concerning this question of consultation in NATO.[113]

H.C. G[REEN]

98. DEA/50030-AB-5-40

Note du Bureau du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Office of Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa, n.d.]

I am returning herewith the memorandum dated July 23 concerning re-deployment of USAF squadrons stationed in France, which was shown to the Prime Minister this morning.

2. The Prime Minister did not comment in detail on the subject matter of this memorandum beyond saying that he believed that there was a difference between "consultation" on one hand and on the other, presenting to the various interested parties, information concerning something which was, or which was about to become, a *fait accompli*; and in this connection the Prime Minister noted that Mr. Pearkes' answer in the House on Thursday, July 9 ("there has been no consultation as far as my Department is concerned with respect to whether that decision should be taken") was apparently based on the same distinction.

3. On the basis of these comments, paragraph 3 (pages 1 and 2 of the attached memorandum) was specifically pointed out to the Prime Minister and he indicated that, in the circumstances, he was well aware of the problems and difficulties which lay behind this decision.

W.T. DELWORTH

5e PARTIE/PART 5

STATUT DES FORCES DU CANADA STATUS OF CANADIAN FORCES

99. PCO

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

DOCUMENT NO. 187-59 [Ottawa], June 3, 1959

CONFIDENTIAL

1. As one of the original signatories of the North Atlantic Treaty, Canada has consistently been a strong and active supporter of NATO. The Canadian contribution to the forces in Europe

[113] Voir Canada, Chambre des Communes, *Débats*, 1959, volume V, pp. 6033 à 6036.
See Canada, House of Commons, *Debates*, 1959, Volume V, July 9, 1959, pp. 5753-5755.

of the Supreme Allied commander in Europe, consisting of a Canadian Army Brigade Group and four wings of 1 Air Division (RCAF) constitutes an important element in the defensive shield forces of SACEUR.

2. The Brigade Group wholly, and two out of four wings of 1 Air Division, are stationed in the Federal Republic of Germany. The status of the Canadian Forces in the Federal Territory has been, and will continue to be, governed by the Forces Convention and Tax Agreement until the coming into force of arrangements to supplement the NATO Status of Forces Agreement of 1951 (NATO SOFA), to which Canada is a party.[114] Such NATO Supplementary Arrangements became necessary as a result of the admission, supported by Canada, of Germany into NATO. Annex A† to this Memorandum contains a brief account of the status of the Canadian Forces in Germany since 1951.

3. In October 1955, Cabinet approved Canadian participation in the Bonn Status of Forces Conference to which the North Atlantic Council invited delegations from the Governments of those NATO States having forces stationed in Germany (Canada, Belgium, France, the Netherlands, the United Kingdom and the United States) and from the Government of the Federal Republic of Germany, with a view to their negotiating such NATO Supplementary Arrangements.[115]

4. For a year before the Conference opened, that is, from the conclusion of the Paris Agreements of 1954, which paved the way for the termination of the occupation régime in West Germany, the authorities of the sending States under the leadership of the Three Powers consulted continuously to arrive at common proposals to be made to the Federal Republic for rights and privileges over and above those contained in the NATO SOFA. On the basis of the views of the Canadian departments concerned, the Bonn Embassy was instructed:

(a) to ensure that the future status of Canadian Forces in Germany would be equal to that of other visiting forces;

(b) to resist any proposal that the Supplementary Arrangements be subject to reciprocity on the part of Canada or other sending States; and

(c) to be guided generally by the attitude of the Three Powers who, because of their major interests, would be carrying the main burden of the negotiations.

5. The Canadian Delegation was informed that in the opinion of the departments concerned, the common position adopted by the sending States was, from the point of view of the needs of the Canadian Forces in Germany, extreme, and would likely meet with strong opposition from the Federal Republic. That this assessment was a realistic one is apparent from the fact that the negotiations lasted for more than three years. They have finally resulted in draft texts of agreements that represent a reasonable compromise between the Forces Convention and the NATO SOFA.

6. The Canadian Delegation, in common with all other participation delegations, has now submitted a treaty complex of five multilateral agreements and a number of bilateral agreements that are listed and annotated in Annex B† to this Memorandum. The Canadian Delegation, again in common with other delegations, has recommended that the Government of

[114] Voir le volume 17, les documents 441 à 453./See Volume 17, Documents 441-453.
[115] Voir le volume 21, les documents 188 à 192./See Volume 21, Documents 188-192.

Canada give its consent to early signature, which it is expected will take place sometime around June 15, 1959.

7. The proposed NATO Supplementary Arrangements meet the Canadian objectives. First, they confer on the Canadian Forces a status not only equal to that of other foreign forces in Germany, but in many respects superior to that enjoyed by Canadian Forces under the NATO SOFA in other NATO countries. Second, Canada undertakes no obligation to alter the privileges now granted to visiting forces in Canada under NATO SOFA. Third, they involve no major changes in the present *modus vivendi* of the Canadian Forces in the Federal Territory.

8. Although the Supplementary Arrangements are mainly procedural or administrative in character, they yield the Canadian Forces advantages not engaged as of right under the NATO SOFA, particularly in matters relating to:

(a) application (extension to accompanying civilians and dependents);

(b) criminal and non-criminal jurisdiction over members of the Canadian Forces;

(c) manoeuvre rights;

(d) logistic support; and

(e) customs, taxation and currency privileges.

These matters are dealt with in some detail in Annexes† C, D, E, F, and G to this Memorandum.

9. In the opinion of the Deputy Minister of Justice no implementing legislation is necessary to enable Canada to discharge its obligations under the proposed Arrangements.

10. All of the Agreements, except that abrogating the Forces and Finance Conventions and the Tax Agreement to which Canada was not a signatory, are open for signature by Canada. Four of the Agreements call for ratification as indicated in Annex B hereto. The Agreements as a whole, once ratified, will enter into force thirty days after the date on which the Federal Republic has deposited its instrument of accession to the NATO SOFA. Such accession is subject to the North Atlantic Council's approval which has already been granted on condition that the Federal Republic may accede to it only after those of the present Agreements which require ratification have been ratified by all Contracting Parties to them. The Agreements are linked together in such a way that none of them will come into force until those which have to be ratified are in fact ratified, thus making it desirable that action be co-ordinated by all parties concerned if further delays are to be avoided.

11. The West German press and Opposition parties have already been critical of the extraordinary length of the negotiations, and the German Government could be seriously embarrassed if there were any further delays. Some features of the Supplementary Arrangements, which are more favourable to the visiting forces than the NATO SOFA, are likely to provoke strenuous criticism within Germany. It would therefore be desirable if they could be presented to the Bundestag in the near future while there is widespread concern for the security of Berlin, and as a consequence, the presence in Germany of the visiting forces is especially appreciated. Failure or delay on the part of Canada to sign or to ratify would not only prevent entry into force of the Arrangements, but might also cast doubt on Canada's intentions in respect of the presence of Canadian Forces in Europe, and in addition could have an effect on the approval of the new Arrangements by the Bundestag.

12. Officials of the Departments of National Defence, External Affairs, Finance and Defence Production, having followed the course of the Bonn negotiations, are of the opinion that they provide an acceptable and satisfactory basis upon which Canadian Forces stationed in the Federal Republic may operate. All other governments concerned are proceeding on the assumption that they will be in a position to sign by June 15, 1959.

13. In view of the foregoing the undersigned, with the concurrence of the Acting Secretary of State for External Affairs, has the honour to recommend that the Agreements listed in Annex B to this Memorandum be signed on behalf of Canada and that authority to that effect be sought from the Governor General in Council, it being understood that further authority from Council will be sought for the ratification of those Agreements which require ratification.[116]

[G. PEARKES]

[116] Approuvé par le Cabinet le 30 juin 1959./Approved by Cabinet on June 30, 1959.

6e PARTIE/PART 6

EXAMEN ANNUEL, AIDE MUTUELLE, ET INFRASTRUCTURE
ANNUAL REVIEW, MUTUAL AID, AND INFRASTRUCTURE

100. DEA/50030-L-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

Secret [Ottawa], June 19, 1959

CANADIAN NATO MUTUAL AID PROGRAMME

Since its inception in 1950 the Canadian Mutual Aid Programme has been guided to serve a dual purpose: (a) to assist in building up the strength of NATO forces, and (b) to contribute to the development of Canada's defence production capacity in a manner consistent with the equipment requirements of Canadian forces.

In the early years of the Programme Canada transferred items out of surplus stocks sufficient to equip two full army divisions. Subsequently, large quantities of new, or slightly used equipment (including such important items as F.86's, CF 100's and various types of naval vessels) were also transferred out of current service stocks. The NATO Aircrew Training Scheme which was set up to help meet the desperate shortage in Europe of trained aircrew graduated, up to its formal termination in 1958, some 5,500 pilots and navigators from ten member countries. Finally, in the period from 1953 to 1956 heavy expenditures were incurred for direct production items, mainly radar and other electronic components, which were in short supply in Europe. These items were also needed by the Canadian forces in quantities which, alone, did not justify direct Canadian production. By combining both our Mutual Aid and Canadian forces requirements, it proved feasible to establish the basis of a Canadian electronic defence industry.

Since reaching its peak of $289 millions in 1953-1954, the annual dollar value of the Canadian Mutual Aid Programme has dwindled to an estimated $90 millions in the current fiscal year. This decline reflects: (a) the virtual elimination of directly produced items from the programme since 1956; (b) the termination of the NATO Aircrew Training Scheme in 1958 (although limited training facilities continue to be made available under special arrangements, particularly with Denmark and Norway); (c) the gradual depletion of our stocks of surplus weapons and equipment; (d) the development of NATO European forces and their sources of supply, both in Europe and the United States, to a point where they now have adequate quantities of conventional armaments and equipment; and (e) the policy in more recent years to equip NATO forces with a "modern"[117] weapons, which Canada, of course, cannot produce.

In its present form the Programme includes the following components:

(a) air training facilities, which continue to be made available on an *ad hoc* basis;

[117] Note marginale :/Marginal note:
"nuclear" [H.C. Green]

(b) spares support for equipment (particularly F.86's and CF 100's) which was transferred to other member countries;

(c) transfers out of surplus service stocks; and

(d) the Canadian contributions to the NATO military budgets and to the NATO Infrastructure Programme.

It is apparent that the content of the Programme, or at least some parts of it, is becoming of lesser value to recipient countries, and consideration must therefore be given to its future. As we see it, there are three alternatives:

1. Renewing the Programme by introducing current production items;

2. Terminating completely the Programme at the close of the current fiscal year;

3. Continuing with a dwindling Programme based on present criteria, but with decreasing amounts of surplus stock equipment being offered.

Alternative (1) would require a considerable cash outlay, which could hardly be justified for budgetary and domestic political reasons, nor on strictly defence grounds, since Canada is relying more and more on United States modern and highly specialized weapons for the equipment of its forces. Alternative (2) might have adverse political repercussions in NATO and would not be realistic, since Canada is already committed to provide spares support to certain member countries and will, in any event, continue to have available from time to time surplus service stocks and/or facilities which could be provided at relatively little cost to the Canadian taxpayer. It appears that alternative (3) commends itself as the best possible solution.

Following informal interdepartmental discussions, the Panel on Economic Aspects of Defence will shortly be asked to consider a draft memorandum to Cabinet recommending that the Canadian Mutual Aid Programme for 1960-1961 should be planned on the basis of continuing limited aircrew training, maintaining our announced policy of providing spares support for materiel already transferred and payment of the agreed share of NATO military budgets and common infrastructure. Surplus materiel that might become available and that might be useful to other NATO nations should be offered on an *ad hoc* basis.

The principal change from previous years, therefore, would be that the annual programming of surplus materiel in consultation with the NATO Standing Group would be discontinued. It has also been tentatively suggested that the description of the Programme should be changed to "Contributions to infrastructure and military costs of NATO and other assistance."

Furthermore, it will be stressed to the Cabinet that, if it is decided to continue with a reduced Mutual Aid Programme, we should explain frankly this new development to our NATO partners, preferably in the course of the forthcoming NATO Annual Review. Rather than try and gain credit for what might appear as a less satisfactory programme we should explain that, in view of the important changes which have taken place, both at home and in Europe we are no longer in a position, nor feel justified, to support an elaborate Mutual Aid Programme. (The statement concerning our Mutual Aid Programme may well have to be made in the light of any decision which may be taken in connection with the re-equipping of the Canadian Air Division in Europe.)

If the above approach is endorsed by the Panel, the required memorandum to Cabinet will be submitted by the Minister of National Defence whose Department is responsible for the Mutual Aid Vote.

If you concur in the above outlined recommendations which have already been agreed inter-departmentally at the working level, we shall support them in the Panel.[118]

N.A. R[OBERTSON]

101. DEA/50107-J-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], July 13, 1959

ANNUAL REVIEW — CANADIAN MEMORANDUM

Each year NATO undertakes an extensive "Annual Review" of the defence efforts of member countries based on replies to a questionnaire drawn up by the Annual Review Committee. The purpose of the Annual Review is to enable the force recommendations made by the military authorities to each country to be considered in the light of financial and economic factors so that force goals can be agreed at the annual December Ministerial Meeting of the Council.

The Canadian reply to the Annual Review Questionnaire is made up of five parts. The first part contains a general statement of Canadian defence policy and summarizes the information in the other parts of the memorandum dealing with the Army, the Navy and the Air Force, production and modernization of equipment, financial and economic aspects of defence and manpower problems. Since these other parts are rather voluminous and are in line with the General Statement, I thought it might suffice if I brought the latter to your attention. All parts were approved by the Panel on the Economic Aspects of Defence Questions last Friday. Most of the amendments suggested by the Panel have been rather hurriedly incorporated in the attached General Statement.

There are two important points which are of interest in the General Statement. While the direct expenditures charged to Mutual Aid in 1959 show little change from the previous year, the total programme is reduced by approximately one-third from 1958-59, mainly because of a reduction in the amount of equipment to be transferred from Canadian forces stocks. As you are aware, unless new production items are introduced into future programmes, our future Mutual Aid programmes will consist of restricted aircrew training, spare parts for material previously transferred and contributions to NATO military budgets and Infrastructure. In the circumstances the reduction shown in our Annual Review reply heralds a gradual tapering-off which, when Ministers have approved the form and content of our future Mutual Aid Programme, will be explained frankly to NATO, possibly at the oral examination which will be held in October or November.

The second important point relates to the Air Division. Paragraph 11 as presently drafted records the recent Cabinet decision to re-equip the Air Division. Since a recommendation regarding re-equipment has appeared in previous Annual Reviews and it was not possible to indicate any progress, this reference records a positive step forward and will improve the Canadian position considerably at the Annual Review examination. The specific reference to SACEUR's recommendation of May, 1959, was included deliberately because, as you will

[118] Note marginale :/Marginal note:
OK H.C. G[reen]

recall, it was he who suggested during his visit to Ottawa that the new squadrons should be re-equipped on the basis of 18 rather than 25 aircraft per squadron.

I should be grateful if you would indicate whether you approve the attached General Statement and agree that the Canadian reply can now go forward to the Annual Review Committee. Your colleagues the Ministers of National Defence, Finance and Defence Production are also being asked for their approval.[119]

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

TOP SECRET

CANADIAN REPLY TO ARQ (59) MEMORANDUM
PART I — GENERAL STATEMENT

1. Canadian defence policy derives directly from our foreign policy and is designed to ensure national security and the preservation of world peace. These objectives are reached through collective arrangements within NATO and the United Nations. While the increased range of offensive weapons equipped with nuclear warheads brings the North American Continent within the target area in any future war, it is realized that the defence of this area cannot be considered in isolation. The advantage in collective defence within the framework of an alliance such as NATO is that integrated balanced force can be provided by each member nation concentrating on the provision of those elements which constitute its particular needs and can be most effectively maintained.

2. In order to meet the objectives of the Alliance and in support of the United Nations, it is the defence policy of Canada to provide forces for:

- The defence against an attack on the North American continent;
- The collective defence and deterrent forces of NATO to Europe and the North Atlantic;
- The United Nations to assist that organization in attaining its peaceful aims.

3. Of necessity, there may be changes in emphasis but the basic principles underlying our defence policy continue to be valid. To ensure the efficient implementation of our commitments requires continuous study of the threat not only to the general NATO region but also to other areas of the world where situations may arise which would imperil the maintenance of international stability.

4. While the provision for direct expenditures chargeable to Mutual Aid in 1959-60 shows little change from 1958-59, the total programme provided for is reduced by about a third from the 1958-59 estimates, mainly because of a reduction in the amount of equipment to be transferred from the Canadian forces stocks. Provision has been made in the estimates for 1959-60, for a Canadian Mutual Aid programme of 90 million dollars which is made up as follows:

[119] Note marginale :/Marginal note:
The SSEA was not prepared to approve the statement until he had a full explanation of para 13 — the commitment (of which he had not heard before) to send the balance of a full division to Europe promptly after M Day. R. C[ampbell] 13/7.

Item	1959-60 ($000)
Direct Procurement	350
Contributions to Infrastructure and NATO Military Budgets	21,500
Total Direct Charges	21,850
Transfers of Equipment from Service Stocks	60,144
NATO Aircrew Training	8,006
Total Mutual Aid Programme	90,000

5. The NATO defence concept is based on the prevention of war by maintaining an effective deterrent. To improve the capabilities of the aircraft of the Strategic Air Command which are the main elements of the retaliatory forces of the deterrent, Canada has recently made available to the United States Air Force refuelling facilities at four air bases in Canada.

6. In order to ensure the integrity of the NATO area, shield forces consisting of ground and air forces, together with support missile elements, have been established in Europe. Canada contributes an Army Brigade of some 5,000 men, and the No 1 Air Division of the RCAF consisting of 8 squadrons of F-86 day fighters and 4 squadrons of CF-100 all weather interceptors. The Infantry Brigade Group is being strengthened by the introduction of a surface-to-surface guided missile.

7. Since the principal base of the deterrent forces of the West is on the North American Continent, it is important that adequate warning systems and defences be maintained to ensure the effectiveness of these forces.

8. The decision not to proceed with the production of the CF-105 Arrow aircraft was announced on February 20, 1959.[120] When the development of this aircraft was undertaken in 1952, it was estimated that there would be a need for a more advanced manned interceptor of this type to meet the bomber threat that was expected to have developed by 1958. It is now considered that the threat of the manned bomber is not as great as was originally anticipated. Furthermore, by 1962 when the CF-105 would have come into operational use in the RCAF, the main threat is expected to consist of long-range missiles rather than manned bombers. In view of these circumstances and the greatly increasing cost and limited life of the CF-105, it was considered doubtful that adequate defence value would be achieved and it was therefore decided to abandon the further development or production of the Arrow aircraft.

9. The air defence system for the whole of the North American Continent calls for various types of weapons including manned interceptors and surface-to-air missiles. In the field of surface-to-air missiles it has been decided to introduce the BOMARC guided missile. The BOMARC squadrons located in Canada, together with those sited in the United States, will form part of NORAD's mutually supporting surface-to-air missile defence network.

10. To achieve maximum effectiveness in the operation of defensive weapons, SAGE electronic control and computing equipment is being provided. Measures are also being taken to extend and strengthen the Pinetree radar control system by adding several additional large radar stations and a considerable number of gap filler radars. The cost of these improvements is to be shared jointly by Canada and the United States. These new facilities will be manned and operated by the RCAF.

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[120] Voir Canada, Chambre des Communes, *Débats*, 1959, volume II, pp. 1279 à 1282.
See Canada, House of Commons, *Debates*, 1959, Volume II, pp. 1221-1224.

11. Early in May the Supreme Allied Commander proposed to the Canadian Government that Canada should give consideration to replacing the F86 Sabre squadrons with eight strike reconnaissance squadrons of eighteen aircraft per squadron. The Canadian Government has accepted SACEUR's recommendation and has decided to re-equip the eight F86 squadrons with the Lockheed F104G aircraft on a scale of eighteen aircraft per squadron to carry out the strike reconnaissance roles.

12. As previously mentioned, the provision of suitable ground nuclear delivery system for the Canadian Infantry Brigade Group in Germany has been approved with the introduction of a surface-to-surface guided missile. It is not expected that this equipment will be available from US sources prior to 1961.

13. Insofar as the movement of the balance of the 1st Canadian Infantry Division to Europe promptly after M Day is concerned, negotiations continue with US authorities to provide transportation but it would seem unlikely that shipping will be available prior to M + 30 and, in any event, under conditions expected to prevail it is unlikely that the balance of the Division will be available for the first phase of the battle.

14. The Canadian Army is now reviewing the plan for combat support of the Brigade Group in Europe in the light of the changes in organization of other NATO powers and the introduction of new weapons.

15. Although the manning level of M Day forces in Europe does not meet minimum SHAPE standards calculated on a percentage basis, it is not considered prudent to increase the number of other ranks now in the Brigade Group in Europe until a review of establishments has taken place. This review has been made necessary as a result of the introduction of new weapons.

16. With regard to the full attainment of squadron dispersal as recommended in MC 60, Canada is at present unable to consider full peacetime occupancy of deployment bases. Action is being taken to prestock and to provide communications on these fields. On three of these fields bilateral agreements have been signed and negotiations for the 4th airfield are progressing.

17. In the ship construction programme for the Navy, provision is made to commence a tanker supply ship in the order of 22,000 tons displacement. This ship will be provided with a platform from which helicopters may operate. One repair maintenance ship is already in commission on the East Coast and another similar type ship will commission on the West Coast this year.

18. The progress in the use of the helicopter for ASW operations from escort vessels continues with encouraging results. The procurement of an all weather helicopter is still under active consideration and it is confidently anticipated that night operations including landing on an ocean escort will be feasible. The Navy will complete construction of three destroyer escorts of the original programme of 14 St Laurent and Restigouche class vessels by the end of 1959. An additional 6 Restigouche class ships will be built in the next four years and consideration is being given to a replacement programme of a new construction of A/S Escort to replace the older and more obsolete type escorts.

19. The RCAF programme includes continued production of the Argus Maritime reconnaissance aircraft and the CF-106 heavy transport aircraft, also the production of ten CC-109 medium range transport aircraft. This programme also includes provision for the procurement

of aircraft having an amphibious capability suitable for employment in the air-sea search and rescue role.

102. PCO/C-20-9(A)-M

Extrait du procès-verbal de la reunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], August 4, 1959

Present

The Minister of National Defence, (Mr. Pearkes), in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance, (Mr. Fleming),
The Minister of Defence Production, (Mr. O'Hurley).

The Acting Secretary (Mr. Dewar)
The Military Secretary (Group Captain Weston).

The Chairman, Chiefs of Staff, (General Foulkes),
The Chief of the Air Staff, (Air Marshal Campbell).

The Secretary to the Cabinet, (Mr. Bryce),
The Under-Secretary of State for External Affairs, (Mr. Robertson),
The Assistant Deputy Minister of Finance, (Mr. Plumptre),
The Assistant Deputy Minister of Defence Production, (Mr. Hunter),
The Assistant Secretary of the Treasury Board, (Mr. MacNeill).

. . .

III. 1959 NATO ANNUAL REVIEW; CANADIAN REPLY

13. *The Secretary of State for External Affairs* referred to Part I of the Canadian Reply to the 1959 NATO Annual Review Questionnaire, and asked for an explanation of the statement in para. 12[121] concerning the unlikelihood that the balance of the Canadian Infantry Division could be made available to Allied Command Europe for the first phase of a major war. The reasons given for this situation were the anticipated unavailability of shipping and the difficulty of moving the balance of the Division under the conditions expected to prevail following M-day.

14. *Mr. Green* asked whether Canada did in fact have a commitment to move the balance of the Canadian Infantry Division to Europe on the outbreak of a war; if it was recognized that the movement would not be possible, why did references to the commitment continue to be made? He also asked why Parliament had not been made aware in the past of the existence of this commitment.

15. *The Chairman, Chiefs of Staff* said that SACEUR was aware that the movement of the balance of the Canadian Infantry Division would not likely be possible during the first phase and that the Army in Canada was being trained primarily for survival operations in this

[121] Le Comité a étudié une version légèrement révisée de l'exposé général de l'Examen annuel. Le texte du paragraphe 13 de l'exposé joint au document antérieur était désormais intégré dans le paragraphe 12 de l'exposé révisé.

The Committee considered a slightly revised version of the Annual Review general statement. The text of paragraph 13 of the statement attached to the previous document was now included as paragraph 12 of the revised statement.

country. SACEUR had, therefore, designated the balance of the Division as a strategic reserve. The provision of the balance of the division as soon as possible after M-day had, however, been regarded by NATO authorities for some years as a commitment on the part of Canada, and it was not considered wise when NATO was beset by many difficulties to indicate Canadian unwillingness to release the balance of the Division for movement to Europe. Canada would explain the situation more fully in NATO in due course, and would indicate the physical impossibility of ensuring the arrival of the balance of the division in time to take part in the first phase of a war.

16. *General Foulkes* said that the previous government had regarded the movement of the balance of the Division as a commitment arising after the outbreak of a war, and therefore as being a part of mobilization plans. For this reason, it had not been considered appropriate to make the existence of the commitment public.

17. *The Committee* noted the explanation of the references to the movement to Europe of the balance of the Canadian Infantry Division after M-day and agreed that para. 12 of Part I of the Canadian Reply to the 1959 NATO Annual Review Questionnaire should go forward without change.

D.B. DEWAR
Acting Secretary
R.C. WESTON
Group Captain,
Military Secretary

103. DEA/50030-L-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], August 7, 1959

CANADIAN NATO MUTUAL AID PROGRAMME

You will recall that in my memorandum of 19 June (a copy of which is attached) I submitted for your approval certain recommendations which had been formulated interdepartmentally concerning the future of our NATO Mutual Aid Programme.

2. These recommendations, with which you expressed general agreement were considered at the 10 July meeting of the Panel on the Economic Aspects of Defence Questions. On the basis of the Panel discussion a draft Memorandum to Cabinet was prepared which, subject to certain minor modifications, has now received approval at the official level and has been submitted to the Minister of National Defence for his signature and submission to Cabinet.

3. I attach a copy of the draft Memorandum.† As you will note, the main change from previous years would be to exclude from the annual programming of Mutual Aid, equipment (either from stocks or new production) which might be available for transfer to NATO recipient countries. Rather, surplus material will be offered as it becomes available on an *ad hoc* basis, either through the NATO Standing Group or by bilateral arrangements with the countries concerned.

4. It is also proposed that the title of the Programme should be changed to "Infrastructure and Mutual Aid Programme." In this connection we have noticed that the Minutes of the 10 July meeting of the Panel referred to the new title as "Mutual Aid and Infrastructure Programme." From a general political point of view in NATO the latter appellation would be preferable since it would lay the emphasis on the remaining mutual aid components of our Programme, rather than on the infrastructure element which is not, strictly speaking, considered as mutual aid by the other NATO countries, particularly the United States. You may wish to make this point when the matter is considered by Cabinet.

N.A. ROBERTSON

104. PCO

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

DOCUMENT NO. 235/59 [Ottawa, August [n.d.], 1959]

SECRET

CANADIAN MUTUAL AID PROGRAMME

Since its inception in 1950 the Canadian Mutual Aid Programme has been guided to serve a dual purpose: (a) to assist in building up the strength of NATO forces at a time when the European economy had not recovered from the effects of World War II, and (b) to contribute to the development of Canada's defence production capacity in a manner consistent with the equipment requirements of Canadian forces.

2. In the early years of the Programme, Canada transferred items out of surplus stocks sufficient to equip two full army divisions. Subsequently, large quantities of new, or slightly used equipment (including such important items as F.86's, CF 100's and various types of naval vessels) were also transferred out of current service stocks. The NATO Aircrew Training Scheme which was set up to help meet the desperate shortage in Europe of trained aircrew graduated, up to its formal termination in 1958, some 5,500 pilots and navigators from ten member countries. Finally, in the period from 1952 to 1956 heavy expenditures were incurred for direct production items, mainly howitzers, radar and other electronic components, which were in short supply in Europe. These items were also needed by the Canadian forces in quantities which, alone, did not justify direct Canadian production. By combining both our Mutual Aid and Canadian forces requirements, it proved feasible to establish the basis of a Canadian electronic defence industry.

3. Since reaching its peak of $289 millions in 1953-1954, the annual dollar value of the Canadian Mutual Aid Programme, as shown in the attached table, has dwindled to an estimated $90 millions in the current fiscal year. This decline reflects: (a) the virtual elimination of directly produced items from the Programme since 1956; (b) the formal termination of the NATO Aircrew Training Scheme in 1958 (although limited training facilities have continued to be made available at nominal cost to such countries as the Netherlands, Denmark and Norway); (c) the gradual depletion of our stocks of weapons and equipment; (d) the development of NATO European forces and their sources of supply, both in Europe and the United States, to a

point where they now have adequate quantities of conventional armaments and equipment; and (e) the policy in more recent years to equip NATO forces with "modern" or nuclear weapons, which Canada, of course, cannot provide.

4. It is apparent that the Programme has become of lesser value to recipient countries and consideration must therefore be given to its future. The only way of making our Programme more attractive would be by re-introducing on a large scale directly produced items. This, however, would require substantial cash expenditures which would not be warranted from the military, production, or international political viewpoints.

5. Under these circumstances, and in view of the fact that the quantities of surplus material available have decreased to comparatively minor amounts, it is considered that it is unnecessary to programme these items on an annual basis and that we should no longer provide to NATO authorities a list of items of equipment, either from stocks or new production.

6. I therefore recommend:

(a) that the Canadian Mutual Aid Programme should in future be planned on the basis of continuing aircrew training on a restricted basis, maintaining our announced policy of providing spared support for materiel already transferred, and payment of the agreed share of NATO military budgets and common infrastructure;

(b) that materiel which might become available and which might be useful to NATO recipient countries should be offered on an *ad hoc* basis through the Standing Group or by bilateral arrangements with the countries concerned;

(c) that in view of the changing pattern of the assistance provided to our NATO partners the name of the Programme should be changed to "Infrastructure and Mutual Aid Programme;"

(d) that an appropriate statement be made in the course of the forthcoming Annual Review to explain Canada's position.[122]

GEORGE PEARKES

[122] Approuvé par le Cabinet le 14 août 1959./Approved by Cabinet on August 14, 1959.

[PIÈCE JOINTE/ENCLOSURE]

DEPARTMENT OF NATIONAL DEFENCE

Expenditure on Mutual Aid Programme by Fiscal Year (Thousands of Dollars)

Elements of Programme	Expenditure 1950-51	Expenditure 1951-52	Expenditure 1952-53	Expenditure 1953-54	Expenditure 1954-55
Procurement of Material for Mutual Aid	–	2,930	32,833	33,181	25,079
Transfer of Equipment from Service Stocks	195,417	74,934	95,456	182,433	169,984
NATO Aircrew Training		48,552	104,628	71,340	52,890
* Infrastructure and NATO Budgets			2,136	2,753	5,427
Total Mutual Aid	195,417	126,416	235,053	289,707	253,380

Elements of Programme	Expenditure 1955-56	Expenditure 1956-57	Expenditure 1957-58	Expenditure 1958-59	Expenditure 1959-60
Procurement of Material for Mutual Aid	15,758	8,081	3,179	1,000	350
Transfer of Equipment from Service Stocks	97,611	63,679	78,399	50,600	60,144
NATO Aircrew Training	51,056	47,753	26,418	6,700	8,006
* Infrastructure and NATO Budgets	10,541	14,040	10,468	12,400	21,500
Total Mutual Aid	174,966	133,553	118,464	70,700	90,000

* These amounts represent only the portions of Infrastructure costs and NATO Budgets which were chargeable to Mutual Aid. In addition the following expenditures were charged to the special Infrastructure Vote:

1951-52 - $ 3,519,000; 1952-53 - $ 11,302,000 (includes $ 3,307,000 ex-infrastructure); 1953-54 - $ 10,521,000; 1954-55 - $ 6,641,967. In subsequent years, all expenditures charged to Mutual Aid.

105. DEA/50030-L-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 23, 1959

CANADIAN NATO MUTUAL AID PROGRAMME

You will recall that at its August 14 meeting Cabinet approved the recommendations of the Minister of National Defence:

(a) that the Canadian Mutual Aid Programme should in future be based on the continuation of aircrew training on a restricted basis, the provision of spares support for material already transferred, and payment of the agreed share of NATO military budgets and common infrastructure;

(b) that material which might become available and which might be useful to NATO recipient countries should be offered on an *ad hoc* basis through the Standing Group or by bilateral arrangements with the countries concerned;

(c) that, in view of the changing pattern of the assistance provided to Canada's NATO partners, the name of the Programme should be changed to "Infrastructure and Mutual Aid Programme;"

(d) that an appropriate statement be made in the course of the forthcoming Annual Review to explain Canada's position.

I attach as Annex I[123] a copy of the Memorandum on which Cabinet's decision was based.

Although the principal change from previous years is that the annual programming of transferable equipment in consultation with the NATO Standing Group will be discontinued, the net effect will be a drastic reduction in our offerings of Mutual Aid material both because our surplus stocks are rapidly being depleted, and because the re-introduction of directly produced items on a large scale would be very costly. While Cabinet's decision does not preclude offerings from direct production, there is little likelihood of such offerings being made other than on an *ad hoc* basis, due to the direct expenditures which such production would require from the National Defence appropriations.

Our NATO Delegation has expressed concern over the possible adverse repercussions of Canada's decision on Mutual Aid at a time when the United States are informing NATO of their decision to concentrate their military assistance in the future on the requirements for advanced weapons. Our Delegation have suggested that we should consider providing direct production items on an *ad hoc* basis either as a bait to promote the sale of equipment which we cannot produce economically in Canada for the sole use of our own forces, or to provide special assistance to less-developed countries. They have also submitted for consideration that we offer to provide technical assistance to less-developed countries in the implementation of their defence or defence production programmes.

The various suggestions made by our Delegation have been reviewed interdepartmentally and have been found impractical or difficult to implement under the terms of Cabinet's decision. In our telegram DL 899 of October 23, enclosed as Annex II, we have informed our Delegation of the agreed interdepartmental views as to the contents of the Mutual Aid Programme. In our telegram DL 900, also of October 23, (Annex III) we have also instructed our Delegation as to the submission of our proposed statement on Mutual Aid to NATO. You will note that we have asked them to inform SHAPE officials of Cabinet's decision before you meet General Norstad on October 31. While it is not suggested that you should raise the question of Mutual Aid, we thought that the enclosed papers might be useful to you as background should General Norstad broach the subject himself.

I enclose as Annex IV the statement on Mutual Aid, which has also been approved by all Departments concerned.[124]

N.A. ROBERTSON

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[123] Voir le document précédent./See the previous document.

[124] Note marginale :/Marginal note:
Taken to Paris by N.A. R[obertson] [auteur inconnu/author unknown]

[ANNEXE II/ANNEX II]

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM DL-899 Ottawa, October 23, 1959

CONFIDENTIAL. PRIORITY.

Reference: Your Tel 2013 of October 21.†
Repeat DM/National Defence, CCOS, Canadian Joint Staff (London), Washington (Information).

NATO ANNUAL REVIEW — CANADIAN MUTUAL AID PROGRAMME

At its October 21 meeting the Sub-Panel on Economic Aspects of Defence Questions approved the statement to be made in the course of Canada's examination at the Annual Review. We are forwarding in a separate telegram the text of the statement.

2. The Sub-Panel was very grateful for your earlier reports and particularly for your latest messages dealing with the U.S. examination and U.S Mutual Aid policy, and in drafting the statement it has taken into account your comments as to the contents of our Mutual Aid Programme. The Sub-Panel was of the opinion, however, that the various suggestions you have made to offset the possible adverse repercussions of Cabinet's decision on Mutual Aid could not be actively pursued. It is the interdepartmental concensus that programme planning, based on Cabinet's directive does not allow for variations of the kind you have put forward.

3. It should be stressed at the outset that the decision not to program in future equipment, either from stocks or new production, is not indicative of a basic change in Canadian Mutual Aid policy. It is rather a statement of the position that we have evolved to in the last several years, based in good part on the current position of recipients. In brief, the situation can be described as follows. We have almost reached the bottom of our surplus stocks of earlier pattern military equipment and are engaged in some replacement of conventional items, none of which are available for purposes of Mutual Aid transfer. The financial demands for this replacement are with us at the same time as the new items of highly specialized weapons which either have to be purchased abroad or for which we can only at best produce certain components.

4. While Cabinet's decision does not rule out the possibility of offerings of direct production items on an *ad hoc* basis, the chance of such items being considered is limited as they would entail direct expenditures from the National Defence appropriations, which could only be approved by inclusion in supplementary estimates, a most doubtful starter. Your suggestion that new production items could be offered either to promote sales of certain equipment Canada cannot produce economically for its own forces, or to provide special assistance to less-developed member countries of NATO could not in the present circumstances and under the terms of Cabinet's decision be made the subject of a formal commitment. This is not to say that we fail to recognize the continuing need of some NATO countries for Mutual Aid in conventional equipment nor that Canada is divesting its interest in the matter. On the contrary, we shall continue to offer equipment which might become available in Canada and which might be

useful to NATO recipient countries. We are not turning off the tap of Mutual Aid but it must be recognized that the reservoir is drying up.

5. Similarly, your proposal that Canada should offer to help the less developed countries in certain aspects of their defence and possibly defence production programs by providing technical assistance introduces an element which is not covered by Cabinet's decision. This is not an undertaking Canada could assume as part of its Mutual Aid Programme under present approvals. In addition, the existing shortage of defence technicians would make it very difficult for Canada to implement such a proposal.

6. On the more positive side, it should be stressed that Canada will continue to provide aircrew training to certain NATO countries (the extension of existing agreements with Norway and Denmark is currently under consideration), and also will continue to provide spares support for material already transferred and to contribute to the growing infrastructure programme and to the NATO military budgets.

7. While therefore we appreciate your concern over the disturbing effect which our decision to discontinue the programming of our offerings of Mutual Aid equipment may have, we see definite advantages in explaining to NATO that the statement only reflects the current condition of our programme. We appreciate that you may find yourselves under heavy fire at the examination, but you need not adopt a defensive attitude but rather stress the importance of Canada's past and present contribution to the NATO Mutual Aid Programme.

8. As you know, Canadian Mutual Aid planning has always taken into account U.S. programmes, but we have never considered or indicated that Canada was prepared to assume a major role with respect to continuing responsibility for the supply of conventional weapons. The fact that the future U.S. Mutual Aid Programme will concentrate primarily on requirements for advanced weapons is not in our opinion an argument for our assuming the role of main supplier of conventional equipment.

9. In a separate telegram we are dealing with your recommendations with respect to the actual presentation of our statement on Mutual Aid.

[ANNEXE III/ANNEX III]

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès le Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM DL-900 Ottawa, October 23, 1959

CONFIDENTIAL. PRIORITY.

Reference: Our Tel DL 899 of Oct 23.
Repeat DM/National Defence, CCOS, Canadian Joint Staff (London), Washington (Information).

NATO ANNUAL REVIEW — CANADIAN MUTUAL AID PROGRAMME

In your letter No. 4293 of August 12,† you suggested that we should inform the International Staff and SHAPE as well as our examiners of our decision on Mutual Aid in advance of Canada's examination. In your telegram 1981 of October 17† you suggested alternative dates for submitting such advance information to the interested parties.

2. The Sub-Panel unanimously agreed that it would be desirable for you to provide the Staff and SHAPE with a copy of our statement but only after our draft chapter has been circulated. The reason for this is that Cabinet's decision was reached after we submitted our reply to the Annual Review questionnaire. It has also been our policy in past years to resist giving forecasts with respect to the fiscal year following the examination and in keeping with this practice, no reference should be made in the Canadian country chapter to Cabinet's decision concerning the future of our Mutual Aid Programme, i.e., after 1959-60.

3. When approaching the Secretariat and SHAPE, you need not try and explain the proposed statement covering our programme, as it would seem preferable not to invite questions at this stage. In short, the only variation from present practice is that we will not be furnishing a consolidated list of possible offerings for each year.

4. We feel it is for you to decide whether the statement should be submitted in the form of an aide mémoire or simply as an advance copy, provided the text remains substantially the same. We do not consider it advisable, however, to prepare two separate statements, one of which would be for the consumption of the inner group of officials and examiners, and the other for general use, as this might imply that we are apologetic about Cabinet's decision and that the latter could perhaps be modified if strong objections were raised.

5. We leave it also to your judgement whether you should inform our examiners at the same time as or after you advise the NATO staff. We do not envisage informing the U.S. State Department separately in advance of Canada's examination, although as you will note our relevant messages have been referred to our Embassy in Washington for their information.

6. It seems that it would suffice to inform the delegations of the three examining countries. The other delegations need not be brought into the picture at this stage unless you feel that leaks are likely to occur.

7. If you agree with the above procedure, we should be grateful if you would inform SHAPE before our Minister meets with General Norstad on October 31 so that the latter may be made aware of Canada's decision. We shall brief the Minister before his departure from Ottawa, but will suggest that he should not raise the matter with General Norstad, if the latter does not broach the subject.

[ANNEXE IV/ANNEX IV]

Memorandum

Note

CONFIDENTIAL [Ottawa, n.d.]

CANADIAN MUTUAL AID PROGRAMME
STATEMENT TO BE MADE AT NATO ANNUAL REVIEW

Canada initiated its programme of mutual aid in 1950. Several circumstances then prevailing were particularly favourable to the development of a significant contribution to the NATO defence effort through such a programme. The economies of the European members of NATO were still in the process of recovering from the effects of World War II. NATO forces in Europe were undergoing a rapid buildup to minimum operational standards and required seemingly limitless quantities of conventional armaments, equipment and basic services. Simultaneously, Canada's forces were being stream-lined and re-fitted with the latest available weapons and equipment; a Canadian defence production industry capable of providing Canadian

forces with modern equipment was being developed; and there were in Canada large stocks of World War II and early post-war equipment surplus to current Canadian requirements.

2. In the early years of Canadian Mutual Aid Programme sufficient items of equipment were transferred out of Canadian surplus stocks to equip two full Army Divisions. Subsequently large quantities of equipment including such important items as F-86 and CF-100 aircraft, armament and various types of naval vessels were also transferred from service stocks or in some cases from current production being undertaken for Canadian forces. During the period 1952-56 a number of items were produced in Canada in quantities considerably beyond requirements of Canadian forces with a view to their being transferred as mutual aid. These items included howitzers, aero engines, radar and other electronic equipment together with considerable spares support. In this period these items were needed by Canadian forces in quantities which alone did not justify Canadian production but which combined with requirements of some of our European partners made production a more economical proposition. From the beginning of the Canadian Mutual Aid programme to March 31, 1959, the total value of material mutual aid transfers, whether from service stocks or from new production, has been in excess of $1.1 billion. Furthermore, NATO Aircrew Training scheme which was originally set up to help meet the shortage in Europe of trained aircrew graduated up to 1958 5,500 pilots and navigators belonging to ten member countries. Cost to Canada was in the order of $400 million.

3. Dollar value of Canada's Mutual Aid Programme reached its peak of $289 million in 1953-54 but has since declined to an estimated $90 million in the current fiscal year. This decline reflects rundown of NATO aircrew training scheme as most other NATO countries developed training facilities of their own, termination of transfers of items from current production, and gradual depletion of Canadian surplus stocks of weapons and equipment. Canada no longer has available for transfer as mutual aid, stocks of conventional armaments and equipment which answer important needs of our NATO partners. The latter point is illustrated by the fact that several European member countries have declined their allocations under recent Canadian offerings of aid.

4. At the end of last year's examination, the International Staff recommended that Canada "maintain at least the present level of mutual aid by increasing to the extent possible deliveries to its allies of equipment of recent manufacture." The Canadian Government has carefully considered the International Staff's recommendation. It has been found that since surplus service stocks are being rapidly depleted it would not be possible to maintain the programme at its present level without reintroducing, for transfer as mutual aid, the production on a large scale of items beyond requirements of Canadian forces. However, in recent years there have been important changes, both technological and economic, in Europe and in Canada, and a relatively large proportion of the complicated components of highly specialized modern weapons now required for Canadian forces must be procured abroad. In the light of these changing conditions and in view of rising and as yet unpredictable costs, both of North American defence and of re-equipping Canadian forces assigned to or earmarked for NATO, the Canadian Government is not prepared once again to undertake production of new items of equipment beyond requirements of Canadian forces, with a view to transferring them as mutual aid.

5. Under these circumstances and in view of the fact that quantities of surplus material available have decreased to comparatively minor amounts, it will not be possible in future to programme for mutual aid on an annual basis a list of items of equipment either from stocks or from new production. Rather it is proposed that material which might become available and

which might be useful to NATO recipient countries should be offered on an *ad hoc* basis either through the Standing Group or by bilateral arrangements with countries concerned.

6. It is intended that the other components of our Mutual Aid Programme will remain unchanged. As a result of this, aircrew training on present basis will continue and spares support for material already transferred will continue to be furnished. In addition, our contributions to the military budgets and infrastructure programmes will continue to be charged to our Mutual Aid Programme.

106. DMF/127

Note du sous-ministre adjoint du ministère des Finances pour le ministre des Finances

Memorandum from Assistant Deputy Minister of Finance to Minister of Finance

SECRET [Ottawa], October 29, 1959

PROPOSALS BY SACLANT FOR COMMON INFRASTRUCTURE PROJECTS IN CANADA

For your information and in anticipation of possible future events, I wish to outline for you a problem on which officials of this and other Departments have been working for several months.

When the draft SACLANT proposals for this year's programme of NATO commonly financed infrastructure projects were received here in March, they included subject to Canadian concurrence the following projects for construction in Canada:

(a) a naval fuel depot of 14 million gallons capacity to be built at Ship Harbour, Newfoundland (near the U.S. base at Argentia) at a total estimated cost of $3,500,000 (SACLANT Estimate),

(b) two storage sites for naval nuclear weapons at sites as yet unspecified (but probably on the East coast) at a total estimated cost of $1,400,000 (SACLANT Estimate).

After consideration, the Canadian Chiefs of Staff came to the conclusion that apart from what the general Canadian attitude might be to constructing common infrastructure in Canada, the programming of these particular projects was not justified. In the case of the fuel storage depot, only the U.S. and Canada were to be user nations and hence this should be done on a bilateral basis between the Americans and ourselves. In the case of the nuclear stockpile sites, it was pointed out that since no overall agreement yet exists with the U.S. on deployment of nuclear weapons in Canada for Canadian forces the proposal was premature. In any event, the Chiefs of Staff considered this project ineligible for common financing since it was for the use of the Canadian forces only.

These views were supported by the other Departments concerned at the official level, including this Department. At the time of the formal NATO conference in September to consider the infrastructure programme SACLANT was informed of these views and was requested to withdraw the projects from the programme. At the meeting, the U.S. representative supported our position. However, since that time SACLANT has apparently succeeded in convincing the U.S. to reverse its stand, since our Embassy in Washington has been informed by the State Department that the U.S. now supports the SACLANT proposal. Both through External Affairs and military channels Canada has requested further discussion of our position, and we are still awaiting the outcome of these discussions. For the time being, the SACLANT proposal is in the programme subject to our subsequent approval.

At a meeting of the Sub-Panel on the Economic Aspects of Defence Questions on October 21, at which this Department was represented, it was concluded that while officials were still opposed to the SACLANT projects, there was the possibility that considerable pressure might be brought to bear on Canada to accept them and that consequently Ministers should be informed of the present situation in anticipation of possible future developments.

I should point out that in addition to the reasons for our opposition outlined above and apart from the reluctance of our military people to get involved in infrastructure in Canada, there are several financial considerations which in the opinion of officials in this Department would make it very difficult to accept these proposals. These are:

(1) in addition to paying our normal infrastructure share of construction costs ($300,000; that is, 6% of a total of $4,900,000), under infrastructure rules we would have to pay for "local utilities" for these projects, comprising access roads, a source of supply for electricity and water, basic communication facilities to link the project with the nearest commercial communications, and sewage disposal. Particularly in the undeveloped area of Newfoundland specified for the fuel depot, these could cost a considerable amount;

(2) also under infrastructure rules, we would have to open the construction of the project to competitive bids from all NATO countries. In our circumstances this would involve allowing U.S. firms access to the contracts on an equal footing with Canadian firms;

(3) it was agreed some time ago that for all expenditures made on infrastructure, the "host country," in this case Canada, would rebate any national taxes and customs duties applying to these expenditures, so that contributions of other countries can be made on a tax-exempt basis;

(4) finally, since we would be responsible for manning and operating the projects (even though any other users of the projects would contribute to the *costs* of operation) the RCN would be involved in a considerable task of manning, particularly in the case of the fuel depot which is several times larger in capacity than the whole RCN fuel storage requirement for the East coast.

Perhaps more important than the immediate financial aspects of these projects, is the fact that their acceptance by the Canadian Government would establish a precedent which would make it exceedingly difficult to resist future proposals which cannot be foreseen at this time.

I believe that the military necessity is open to serious question, at least at the present time. The urgency being attached to these projects by SACLANT appears to me to be entirely unwarranted. I understand that the Chiefs of Staff are making similar comments to Mr. Pearkes.[125]

A.F.W. P[LUMPTRE]

[125] Notes marginales :/Marginal notes:

Do you agree with the position we have been taking? [A.F.W. Plumptre]

Yes — I fully agree D.M. F[leming]

Le Cabinet a confirmé son opposition à la proposition d'infrastructure du SACLANT le 6 novembre 1959. Voir le Document 229 concernant la discussion sur cette proposition à la séance des 8 et 9 novembre 1959 du Comité ministériel Canada-États-Unis de la défense commune.

Cabinet confirmed its opposition to the SACLANT infrastructure proposal on November 6, 1959. See Document 229 for the discussion of this proposal at the November 8-9, 1959 meeting of the Canada-United States Ministerial Committee on Joint Defence.

107. DEA/50107-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 2266 Paris, November 19, 1959

SECRET. PRIORITY.
Reference: Your Tel DL-1007 Nov 14.†
Repeat CCOS, DM/Finance, DM/DDP, PCO Ottawa (Priority), CJS(L), DM/DND (Priority) from CCOS (Information).

NATO ANNUAL REVIEW CANADIAN EXAMINATION

We thank you for material in your telegrams DL-1003,† 1004† and 1006† and for guidance in your reference telegram which laid basis for a successful examination.

2. At outset of examination we gave staff copies of opening statement and of our prepared answers to the points. Text of statement as delivered and reports on discussion on each of the points are in following telegrams.

3. I prefaced my opening statement with a reference to draft country chapter in which, basing myself on your reference telegram, I expressed appreciation for effort which had been made to understand Canadian position, for reasonable positive note it strikes and for recognition it gives to accomplishments and important decisions since last examination.

4. Replying to my opening statement, Chairman said it provided further evidence of Canada's determination to fulfil her engagements to NATO and he expressed his thanks and appreciation. At same time he felt some disquietude about mutual aid but would reserve comment until this point was discussed.

5. In his summing up at end of examination Chairman said that leaving aside questions of detail, the examination had again demonstrated the continuity of Canadian defence effort and had highlighted some courageous decisions. So far as military side is concerned the staff has considerably greater reason for satisfaction than last year, though this is less the case with regard to the Navy than in case of the other two services. On financial and economic side he said there seems no repeat no doubt that in spite of some current financial problems the Canadian economy is steadily and strongly expanding. This is good for Canada and good for NATO. At same time he asserted even though Canadian Government may not repeat not see its way clear to meeting NATO military requirements in full, the alliance would greatly benefit, at a time when grave shortfalls threaten buildup of minimum forces, if Canada could help to meet a part of the deficiencies still outstanding. Chairman thought that, if the will to do this were present, financial and economic means could be found without too great difficulty.

6. The examination was conducted in a cordial spirit and we were able to present our case effectively, firmly and courteously. The basic strength of our position was perhaps the main reason for this but we think too that the efforts which were made to adapt our representation and our technique at the examination to needs of the present also contributed materially. We are grateful for your cooperation in making this possible.

[JULES] LÉGER

108. DEA/50107-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 2278 Paris, November 19, 1959

SECRET. PRIORITY.
Reference: Our Tel 2266 Nov 19.
Repeat CCOS, Finance, DDP, CJS(L) (Priority), DND (Priority) from CCOS (Information).

NATO ANNUAL REVIEW — EXAMINATION OF CANADA — POINT 4, MUTUAL AID

We made the statement as agreed in your reference telegram having given warning of it in our opening statement following the instructions in your telegram DL-1004,† and having given the staff a copy of our mutual aid statement, among with our other prepared answers to listed points, at the outset of the examination.

2. When we had given our reply to Point 4, the Chairman said that it was obviously a very carefully prepared statement, whereas he would have to improvise. If, as he interpreted it, it meant virtually the end of Canadian mutual aid he wished to thank Canada for her extremely important and generous contribution in the past, not repeat not only in air crew training, but also in terms of materiel. He thought that Canada was, perhaps, being too modest on the equipment aspects. Transfers from stocks had been very useful and the Canadians themselves admitted that production for mutual aid had in the past assisted in making production runs more economic. It was well known that the Canadian Mutual Aid Programme had declined, but even this year it was, in his view, still very useful. Only recently had he heard of our intention to include seventeen CS2F tracker aircraft. He understood that many components of modern items of equipment now needed by Canadian forces had to be procured abroad, but there surely were some major items of equipment which Canada could produce very largely herself. In fact, the F104G might be an example, for the Canadian Delegation had indicated in reply to Point 2(c) that production rates could easily be increased. He had not repeat not previously been aware that countries had recently been turning down Canadian offers of aid and he would like to have more particulars. He appreciated our willingness to go on providing air crew training on the present basis and to give continued spares support for materiel already transferred, but he could not repeat not quite agree that Canadian contributions to military budgets and to common infrastructure fell within the generally accepted understanding of mutual aid. He could only take note with great regret of our intention for 1960/61 and subsequent years. The NATO military authorities had grave doubts that MC-70 would be met. Earlier annual review examinations this year had revealed the serious difficulties of certain European countries and any changes from outside such as termination of aid would only aggravate their problems. The Chairman's tone throughout was one of mild resignation and he was not repeat not unduly critical.

3. We replied that we had taken careful note of the points which the Chairman had made and would report his comments. We thought that he had perhaps taken too pessimistic a view. Our statement did not repeat not denote a fundamental change in policy, but represented a realistic recognition of the Canadian position about which we had given previous warnings. We quoted

the reference on page 24 of the Defence White Paper 1959 regarding the run-down in availabilities from stocks. We wished, nevertheless, to reconfirm that we would be willing in future to make equipment available on an *ad hoc* basis, whenever an opportunity presented itself. However, as we could not foretell precisely in advance what equipment we could offer and when it would be available, it was pointless to continue to attempt to draw up in future a regular annual programme as at present. With regard to the F104G, we would certainly be glad to enter into negotiations with other NATO partners who might wish to participate with US along lines similar to those which we were arranging with Germany. If the international staff really wished to have information about countries which had refused Canadian offerings in earlier programmes, the Standing Group should be associated with this, as our offers were made through the Standing Group.

4. The Chairman said that he welcomed our reaffirmation that we might make equipment available on an *ad hoc* basis, but he did not repeat not think that this would be adequate and he found it hard to see what such *ad hoc* offers might cover.

5. No repeat no comments were made by national delegates on our statement. However, the USA representative said that he was not repeat not prepared to accept immediately the Chairman's contention that national contributions to NATO military budgets and common infrastructure did not repeat not fall within the definition of mutual aid. The USA charge their contributions to USA MDAP funds, and infrastructure could be regarded as an effective example of mutual aid in which all nations participate. The Chairman thought that the USA definition might be valid if one considered the first letters in mutual and aid as small ones, but not repeat not if one took them as capitals as he preferred.

7e PARTIE/PART 7

RÉÉQUIPEMENT DE LA DIVISION AÉRIENNE
RE-EQUIPMENT OF AIR DIVISION

109. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], June 19, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming) (for morning meeting only)
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer) (for morning meeting only)
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton) (for morning meeting only)
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),

The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley) (for morning meeting only)
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

POLICY CONCERNING RE-EQUIPMENT OF THE AIR DIVISION

13. *The Minister of National Defence* said that the F-86 aircraft, with which 8 of the 12 squadrons in the Air Division in Europe were equipped, was obsolescent and should be replaced with the least possible delay. When the Supreme Allied Commander Europe had been in Ottawa last month he had recommended that the Air Division should have a strike/reconnaissance role and had indicated that he would be prepared to accept the re-arming of the F-86 squadrons on the basis of 18 aircraft each instead of the present 25 per squadron now. In addition to being obsolete as an interceptor, the F-86 was not capable of performing the strike/reconnaissance role.

The R.C.A.F. had reviewed the merits of a large number of aircraft of United Kingdom, European, United States and Canadian design with a view to selecting a suitable replacement and had narrowed its choice down to two. The first was the United States Grumman F11F-1F and the second was the U.S. Lockheed F104G. No difficulty was envisaged in the ability of Canadian manufacturers to produce either under licence, although some items might have to be made in the U.S. It would be about 24 months from the date of the decision to "go ahead" until the first aircraft started to reach operational squadrons. A five-year programme of 214 aircraft, which would provide for squadron establishment, training, overhaul and wastage, would cost from $400 million to $500 million for either the F11F-1F or the F104G. To keep annual expenditures within reach of the present budget, production schedules had to be spread over five years.

The Chiefs of Staff felt that, from the military point of view, the most attractive replacement aircraft would be the MacDonnell F4H but they had ruled it out because of the high cost. No decision as to re-equipping the four CF-100 squadrons in the division was required at this time.

The Minister recommended, on the advice of the Chiefs of Staff, that the re-equipment of the F-86 squadrons in the Air Division with a new aircraft for employment in the strike/reconnaissance role be approved on the basis of 18 aircraft per squadron and that a programme involving 214 aircraft, of either the Grumman F11F-1F or the Lockheed F104G type, at an estimated total cost not exceeding $500 million, be started this year.

An explanatory memorandum was circulated, (Minister's memorandum, June 5 — Cab. Doc. 174-59)†

14. *Mr. Pearkes* added that, if the Division were to remain as an active component of SACEUR's force, it simply had to be re-equipped. If the division were withdrawn, there was a real danger that the N.A.T.O. alliance would start to disintegrate. Therefore, it first had to be decided whether to keep the Division in Europe and then, if in the affirmative, to agree on the aircraft. He was prepared to leave a decision as to which of the two aircraft would be selected to the Department of Defence Production, depending on the best production arrangements that could be made.

15. *During the discussion* the following points emerged:

(a) From the alliance's standpoint as a whole, it was of vital importance that the Air Division remain in Europe. If Canada withdrew, others would withdraw too and the alliance would fade into nothing.

(b) On the other hand, it was argued that Canada spent more proportionately on defence than most other N.A.T.O. countries and that our European allies should be induced to spend more themselves, failing that, Canada should reduce the size of its commitment.

(c) The annual operating costs for the division equipped with F-86s and CF-100s were approximately $82 million. Since the strength of 8 of the 12 squadrons with new aircraft would number 18 compared with 25, it could be expected that operating costs would be smaller in the future. The cost of maintaining the Army brigade in Europe was $30 or $40 million annually.

(d) The Air Division should be re-equipped in such a way that it would be adaptable to the defence needs of Canada in the event that N.A.T.O. disintegrated a few years hence.

(e) The morale of the R.C.A.F. was declining, but it could be expected to improve quickly as soon as a decision to re-equip the Air Division was announced.

(f) The R.C.A.F.'s role in Europe had been essentially defensive. With the new role proposed, it would change to the offense, the political implications of which should be carefully considered particularly as it would be using nuclear weapons. To this it was pointed out that before the R.C.A.F. went into action, the first blow would have been struck by the other side. The new role was really that of counter-attack.

(g) Even though the decision might be to remain in Europe and re-equip the Air Division, the alliance could disintegrate anyway. What then would be the position? The answer to this was that the re-equipment programme was to extend over five years. If, within that period, there were a collapse, production could be halted.

(h) Plans for the defence of North America were still anything but clear, as the controversy in the U.S. over the Bomarc and the Nike missiles showed so well. This made it difficult to reach decisions involving a great deal of money with respect to Canada's commitments in Europe.

(i) Canada's defence effort was minute compared with that of the U.S., and although Canada might expect to be the very centre of destruction in a war, it might as well be recognized that we would have only a small voice in influencing military events. Our best contribution now was political and our military contribution should be geared to make our political voice as effective as possible.

16. The Cabinet agreed,

(a) that an Air Division of the R.C.A.F., should continue to form part of Canada's participation in N.A.T.O. defence in Europe;

(b) that a new aircraft should be procured to re-equip the eight F-86 squadrons in the Division, on the scale of 18 aircraft per squadron;

(c) that the announcement of the decision to re-equip the Air Division be made by the Minister of National Defence when the estimate of his Department come before Parliament;

(d) that the Minister of Defence Production should negotiate with the manufacturers of the Grumman FIIF-IF and the Lockheed F104G to ascertain the most favourable arrangement obtainable for the production of 214 aircraft of one or the other of those types having regard both to price and to the possibility of partial production in Canada; and,

(e) that the Minister of Defence Production should report to the Cabinet as soon as possible on such negotiations.

. . .

110. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], June 30, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Secretary of State for External Affairs (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
Mr. J.S. Hodgson, Privy Council Office.

CHOICE OF AIRCRAFT TO REPLACE F-86 FOR THE AIR DIVISION IN EUROPE
(PREVIOUS REFERENCE JUNE 19)

1. *The Minister of Defence Production* reported on the studies he and his advisers had made of the problem of choosing between the Grumman F11F-1F and the Lockheed F-104G aircraft for replacement of the F-86 presently in service in 8 of the 12 squadrons in the Air Division in Europe. For the Grumman the order of magnitude of cost for 214 aircraft was $445 million; the figure for the Lockheed was $420 million. These costs assumed that spares and support, engineering charges and engineering and tooling manpower levels would be restricted and controlled. The figures did not include allowances for missiles, nuclear warheads or other armament. In either case the aircraft would be manufactured largely in Canada. At the peak of production 3,500 persons would be added to present levels of employment in the case of the aircraft plant and 1,450 for the engine. Supporting facilities would, of course, also benefit.

Substantially the complete airframe of either aircraft could be built economically in Canada. Other than a possibility of free tooling which had not as yet been chosen by any other country, there was no indication of production sharing possibilities in regard to the Grumman. However, the Lockheed had been chosen by West Germany, who had ordered 66 and would build 200 under licence. If Canada chose the Lockheed, the company would place in Canada a substantial

amount of the work involved in the 66 for Germany, provided the United States Air Force agreed and the Canadian government had approved the contract for the Air Division replacements by August. Any mutual aid offers would also be filled from the tooling placed in Canada for this purpose. The engine, which was the same for both aircraft, could also, in large part, be built economically in Canada. The bulk of the items for electronics and fire control were within the capabilities of the Canadian electronics industry and he recommended that they be produced in Canada. As regards production sharing generally, it was intended to offset what procurement had to be done in the United States by using every effort to have sub-contract work for common programmes or for American procurement placed in Canada.

There were three possible methods of choosing the contractor for the airframe: allocate to Canadair on a negotiated price basis; request proposals from Canadair, de Havilland and Avro with firm prices on as many elements of the programme as possible, in order to assess the competitive position of each company; or allocate to Avro on a negotiated price basis.

Canadair's manpower level was 9,300 now but by 1961 it would be reduced to 1,000. This level would be uneconomic, but the company had to be maintained in operation as it would be supporting most of the other aircraft used by the R.C.A.F. Canadair had a successful record of manufacturing under licence with several firms, including Lockheed; it had made successful inroads in the commercial field, and any serious drop in employment would adversely affect its ability to continue in this field. The contrast for items in the BOMARC programme would be seriously affected if employment were to decline drastically; and, finally, if Canadair received the airframe contract, the Department of Defence Production would ensure that a reasonable share of work would be given to Canadair's existing sub-contractors.

If de Havilland were the successful bidder, it would have to act as a programme manager, subcontracting the majority of the work because it did not have sufficient space for manufacturing.

If Avro received the contract, the company would have to build up a large labour force again and then reduce again to less than the present levels. Avro had no firm programme for the future. If it, or de Havilland, receive the business, the Canadair problem would remain to be solved.

Ideally, requesting the three companies to bid on a fair price basis was the best approach. But firm price bidding was unrealistic in the present circumstances.

As for the engines, there were two possibilities for production: Canadian Pratt Whitney or Orenda Engines Limited. It would, however, be an incompatible situation if a subsidiary of Pratt Whitney were chosen to manufacture a General Electric engine, as the two firms were direct competitors in the United States.

The Minister recommended,

(a) that the Lockheed F-104G be selected as the replacement for the Sabre squadrons in Europe;

(b) that the airframe contract be allocated to Canadair Limited on an incentive type contract; and,

(c) that the engine contract be allocated to Orenda Engines Limited, on a firm price basis.

An explanatory memorandum was circulated, (Minister's aide mémoire, undated).†

2. *The Minister without Portfolio (Mr. Macdonnell)* said that it was the Minister of Finance's understanding that this matter would not be considered in his absence.

3. *The Minister of National Defence* said it would be very embarrassing to him when his estimates were before the House on Thursday next to announce that the Air Division was being

re-equipped but not to be able to say with what aircraft. The Minister of Finance was more concerned with the allocation of contracts and the details involved, not the choice as such.

4. *Mr. Pearkes* added that the Cabinet Defence Committee had had the report of the Minister of Defence Production before it at its last meeting. Since then the Chiefs of Staff had discussed the matter further with Defence Production officials, and had stated that they would be willing to go along with a decision to re-equip the Air Division with the Lockheed F-104G.

5. *During the discussion* the following points emerged:

(a) If it were decided to acquire the Lockheed, $14 million worth of work would be placed in Canada in respect of the 66 machines being purchased by Germany.

(b) It was undesirable for Canadair to be given most of the work, in view of the fact that it was fairly busy now and in the light of Avro's position following the cancellation of the Arrow. The Minister of National Defence, in his opening statement on his estimates, should make it quite clear that the Arrow could not have been used for the strike attack role in Europe.

(c) The implication of the views of the Chiefs of Staff was that they would prefer a better aircraft than the F-104G if more money were available. It would be highly embarrassing if, at some time in the future after the government had announced a decision to purchase the F-104G, it became known that the Chiefs of Staff were, on military grounds, in favour of a different and presumably more efficient type of aircraft. The Chiefs of Staff should be asked to submit a firm recommendation on the F-104G, taking into account all the factors involved, before the Cabinet reached a decision.

(d) Assuming a decision was taken now on the type of aircraft, the Air Division would not be completely re-equipped for five years. It would probably be another five years after that before the Lockheed or the Grumman would cease to be effective.

6. *The Cabinet* approved the choice of the Lockheed F-104G to re-equip 8 squadrons of the Air Division in Europe subject to receiving a firm recommendation from the Chiefs of Staff for it, and subject to discussion of the matter with the Minister of Finance before announcement.

. . .

111. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 2, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),

The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
Mr. J.S. Hodgson, Privy Council Office.

CHOICE OF AIRCRAFT TO REPLACE F-86 FOR THE AIR DIVISION IN EUROPE
(PREVIOUS REFERENCE JUNE 30)

1. *The Prime Minister* said he and the Minister of National Defence had discussed this question further and had agreed on the words to be used in the opening statement on the debate on the National Defence estimates.[126] The Minister of Finance had concurred. It would be said that the Lockheed F-104G would be selected as the replacement provided agreement could be reached with the Lockheed Aircraft Corporation on cost, production sharing and other contractual terms.

2. *The Minister of Defence Production* said that discussions had been held with Lockheed concerning the licensing arrangements for manufacturing the F-104G. The cost of these would total $3 million for the basic licence, $20,000 per aircraft up to 200 aircraft and $15,000 for each aircraft over 200 and 5 per cent royalty on spares over the lifetime of the aircraft. This latter item would be 5 per cent on roughly $100 million worth of business.

He wished to have the approval of Cabinet to invite proposals from Canadair, Avro and de Havilland for the production of the airframe and the management contract. He proposed that manufacture of the engine be allocated to Orenda Engines Ltd. It was important to settle the contract by August 17th so that Canadian companies could share in the production of the 66 104's ordered by West Germany. When proposals were received, his department would scrutinize them carefully and then forward them to the Treasury Board.

3. *During the discussion* it was said that, while a good case could be made for allocating the contract for the engine, it was risky to depart from the tender principle for the airframe and the management contract. The government should not allow itself to be charged with favouritism in such an important contract as this.

4. The Cabinet,

(a) confirmed the decision that the Lockheed F-104G aircraft be selected to replace the F-86 in the Air Division in Europe;

(b) agreed that the contract for the production of the engine for the F-104G be allocated to Orenda Engines Ltd; and,

(c) authorized the Minister of Defence Production to invite proposals from Avro, Canadair and de Havilland for the production of the airframe and for the management contract for the production of the aircraft as a whole.

[126] Voir Canada, Chambre des Communes, *Débats*, 1959, volume V, pp. 5607 à 5611.
See Canada, House of Commons, *Debates*, 1959, Volume V, pp. 5349-5353.

8e PARTIE/PART 8

CONSTITUTION DE RÉSERVES ALIMENTAIRES D'URGENCE
EMERGENCY FOOD STOCKPILING

112. PCO

Note du ministre du Commerce pour le Cabinet

Memorandum from Minister of Trade and Commerce to Cabinet

DOCUMENT NO. 202/59 [Ottawa], July 9, 1959

CONFIDENTIAL

PROVISION OF WHEAT FLOUR FOR EMERGENCY STOCKPILING IN NATO COUNTRIES

1. On October 3rd, 1958, Cabinet approved the recommendation of the Prime Minister that the Canadian representative to the NATO Senior Civil Emergency Planning Committee be authorized to offer Canadian flour to NATO countries for emergency stockpiling, subject to a limit of $10,000,000 for the possible cost to Canada of such a program for the fiscal year 1959-60.[127] The offer was formally made at the 5th meeting of the Senior Civil Emergency Planning Committee on October 15-16, 1958 and provision has been made in the Supplementary Estimates of the Department of External Affairs for $10,000,000 to cover the cost of supplying flour to NATO countries for emergency stockpiling.

2. Subsequent to the Canadian offer, the following countries have indicated an interest in obtaining Canadian flour for emergency stockpiling purposes: United Kingdom, Norway, Denmark, The Netherlands, Turkey and West Germany.

3. One of the conditions in the Canadian offer was stated in paragraph 3(f) of the Memorandum, which was approved by Cabinet on October 3rd, 1958, as follows:

"That the recipient country would undertake that the stockpile would be reserved for wartime emergency purposes and that as its replacement became necessary, it would be disposed of in a manner that would interfere with normal commercial transactions in wheat and wheat flour as little as possible, and would not be used for human consumption."

4. Officials of the United Kingdom Government, while expressing their appreciation of the generosity of the Canadian offer, have referred to serious difficulties in carrying out either the physical destruction of stocks of flour which have become unfit for human consumption following a prolonged period of storage, or its diversion to livestock feeding as implied in the undertaking "would not be used for human consumption." They have suggested as an alternative that the flour stockpile to be provided by Canada be rotated periodically, a portion of the stock being withdrawn at certain intervals for consumption and replaced from commercial sources.

[127] Voir/See Volume 24, Document 301.

5. In preliminary discussions a representative of the Netherlands indicated that the Netherlands may wish to use the flour provided by Canada for processing into biscuits for emergency stockpiling.

6. The representation of Norway has requested that, in view of the conditions under which the flour would be stored in outlying areas of Norway, up to 20 percent of their 25,000 ton requirements should be packed in tins.

7. On instruction from his Government, the representative of the Federal Republic of West Germany advised that his Government desired to take advantage of Canada's offer but would probably not be in a position to do so until 1960.

8. I Therefore Recommend:

(a) That in negotiating arrangements with interested countries covering the supplying of flour by Canada for stockpiling in NATO countries, a primary objective should be to maintain maximum flexibility of conditions so that administrative arrangements may fit the particular system of stockpiling in effect in individual recipient countries, while at the same time ensuring that supplies of flour provided for stockpiling do not adversely affect commercial trade.

(b) That the proposed system of stock rotation be approved on the understanding that, except on a declaration of an emergency by NATO, any reduction in the levels of the security flour stockpile would be effected only after consultation with appropriate Canadian Government authorities with respect to the disposition of that component of the stockpile supplied by Canada.[128]

[G. CHURCHILL]

9e PARTIE/PART 9

RÉUNION MINISTÉRIELLE DU CONSEIL DE L'ATLANTIQUE NORD, PARIS, 15-17, 22 DÉCEMBRE 1959

MINISTERIAL MEETING OF THE NORTH ATLANTIC COUNCIL, PARIS, DECEMBER 15-17, 22, 1959

113. DEA/50102-X-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 7, 1959

NATO MINISTERIAL MEETING

It would be useful, I think, to summarize briefly at this stage the expected course of proceedings at the Ministerial Meeting and to sketch out for your consideration the main areas where we might express Canadian views.

There appears to be general agreement now that the first day of the Meeting (i.e. Tuesday, December 15th) will be devoted to a discussion of political questions. The defence discussions

[128] Approuvé par le Cabinet le 16 juillet 1959./Approved by Cabinet on July 16, 1959.

are scheduled to commence in the morning of the following day. Assuming that the defence debate will include the Annual Review, Intelligence briefings and the report of the Military Committee (as it did last year) it will probably take almost a full day. Moreover, the Secretary General is pressing for the inclusion of two additional military items (on status of nuclear capability of the Alliance and report on the progress of air defence integration in Europe); if his proposal, to which we can see no objection, is approved, the debate on defence may take up more than one day.

The Chairman, Chiefs of Staff, has informed us that he does not plan to recommend to his Minister that he should make a prepared statement during the defence debate. Mr. Pearkes made such a statement last year but its purpose, as we recall, was chiefly to emphasize the extent of our commitments in the Canada-United States region and to remove any misunderstandings or misapprehensions about the Canadian defence effort at a time when there were pending a number of unresolved problems relating to both the North American and European areas of NATO (e.g. the re-equipment of the Air Division). This year our position is considerably improved. In the circumstances, there is probably less requirement for a prepared statement.[129] Certainly we would be opposed to any statement which criticized the defence efforts of our European allies. Our over-all defence position is undoubtedly better than last year but we are not so strong and invulnerable that we should feel ourselves justified in lecturing our partners. (The attached table† prepared by NATO on the relationship of defence expenditures to G.N.P. is of interest in this connection.) However, we should certainly encourage and be prepared to participate in a full and frank discussion of the present state of the NATO defence effort. In a separate memorandum† to follow we shall set out our views more fully in this respect.

The Secretary General is expected to introduce the political debate with a short oral presentation which will probably touch on East-West relations, Summit problems, political consultation in and out of NATO, etc. (He has apparently attempted to prevail upon Mr. Herter to open the discussion but, so far, he has had no success.) There appears to be a good deal of support for a comprehensive discussion of Soviet intentions and the attitude which NATO should adopt in the light of the current Soviet approach to international problems. Since the actual Summit Meeting will not be held until April or May, it does not seem likely that the Four Western Heads of Government will concern themselves in their discussions with much more than the agenda and the timing of an East-West meeting. This means, in turn, that the Foreign Ministers of the Four will have little of substance to lay before the Ministerial Meeting.

We do not consider that the Four are trying to avoid consultation in NATO since it is obvious that it is too soon for them to reach conclusions on the position to be adopted on major issues, including Berlin, Germany and Disarmament. The Western Four Foreign Ministers, however, may raise the broader question of how the Western side should deal with the Russians, i.e. what philosophy should guide the Western approach to an East-West Summit Meeting. A Four Power Working Group is reported to be drawing up a questionnaire of this nature for examination at the Ministerial Meeting.

In these circumstances, it would seem appropriate for the Ministerial Meeting to take time to examine the basic factors underlying the present Soviet approach to international problems, to study the methods by which NATO can test the sincerity of Soviet intentions and to determine the attitude which NATO countries should adopt towards the Soviet bloc in the present more favourable international climate. Attention could also be given to the limitations

[129] Note marginale :/Marginal note:
Why? [H.C. Green]

on agreement on major issues imposed by the present commitments of each side and to the difficulties that face both sides in making the kind of compromise that would be necessary for settlement of major issues.

Another important reason why we should probably continue to take a positive and forthcoming position in this regard is that there exist, in the United States in particular, two schools of thought on the question of the attitude to be adopted by the West towards the Soviet bloc. Prominent amongst the proponents of a tough, uncompromising policy is the former Secretary of State, Dean Acheson; the more moderate and, in our view, more sensible line is being expounded by the present Secretary of State, Mr. Herter. Since the latter undoubtedly is facing a good deal of opposition, we think we should do what we can to support his more moderate line in the Council. We should recognize, however, that the approach set forth in the Prime Minister's Halifax speech[130] and in Mr. Herter's speech in New York[131] may not be in accord with the views of other members who, for defence reasons, may prefer to be guided by a more rigid interpretation of Soviet intentions as reflected in the recent paper on Trends of Soviet Policy produced by a group of NATO experts.

Disarmament is the second, and probably most appropriate area, where we might play an important rôle at the Meeting. With a wide gap still dividing the Western and Soviet positions on Berlin and Germany, disarmament is probably the one subject which offers scope for fruitful discussions at an East-West Summit Meeting. Yet it is still a matter of some uncertainty when the Western Five should meet (e.g. before or after the Coolidge report)[132] and when the Ten-Power Committee should get together.[133] Some of these procedural questions could well be discussed at the Ministerial Meeting. NATO members could stress the urgency of the situation, examine some of the basic principles involved and try to decide what the NATO rôle should be and what contribution NATO can make to disarmament negotiations.

In any examination of the principles underlying the Western approach to disarmament there is, it seems to us, one highly important question which must first be answered. Are the members of the Alliance agreed that the defence and security of NATO as a whole would be promoted more surely and effectively by an agreed East-West programme of adequately verified disarmament than by the indefinite continuation of the present competition in armaments? While on the face of it we may say that a positive response should be a foregone conclusion, it is essential, we believe, to put such a question, if only to remove by our collective answer the impression often prevalent among the military, that disarmament is just a propaganda exercise in which politicians and diplomats engage from time to time.

Assuming a positive response to such a question, Ministers could then deliberate on the relationship of NATO to the forthcoming disarmament discussions in order to define more precisely what NATO's rôle should be and in order to explore whether NATO would be able to make a useful contribution to such discussions.

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[130] Voir « Prospérité et paix, » *Affaires Extérieures*, vol. 11, N° 12 (décembre 1959), pp. 378 à 384.

[131] See "Prosperity and Peace," *External Affairs*, Vol. 11, No. 12 (December 1959), pp. 382-388.

[132] Voir/See *Department of State Bulletin*, Vol. XLI, No. 1067 (December 7, 1959), pp. 819-823.
Le 29 juillet 1959, le président Eisenhower a nommé Charles A. Coolidge directeur de l'étude conjointe sur le désarmement. Le rapport de Coolidge, remis à la fin décembre 1959, n'a pas été publié. Voir le résumé des conclusions préliminaires de Coolidge dans *Foreign Relations of the United States, 1958-1960*, volume III, (Washington: United States Government Printing Office, 1996), pp. 804 à 811.
On July 29, 1959, President Eisenhower named Charles A. Coolidge as the Director of the Joint Disarmament Study. Coolidge's report was submitted at the end of December 1959 but not released to the public. For a summary of Coolidge's preliminary findings, see *Foreign Relations of the United States, 1958-1960*, Volume III, (Washington: United States Government Printing Office, 1996), pp. 804-811.

[133] Voir les documents 11 à 13./See Documents 11-13.

As far as NATO's relationship to the disarmament discussions is concerned, we are inclined to consider that the arrangements made during the disarmament discussions of 1957 could well be repeated. This involved periodic reports to the Council and the general understanding that the Western negotiating powers would welcome comments and advice on certain questions of substance of direct interest to the Alliance. At the same time, it was understood that the Western negotiating powers should not feel themselves obligated to consult the Alliance on every aspect of their tactical dealings with the Soviet bloc on disarmament.

In a recent telegram to Mr. Léger (copy attached),† we have set out a few suggestions which, if you agree, might be developed in broad terms at the Ministerial Meeting. Essentially they involve:

(a) the idea of having NATO look at its own techniques and methods (and those employed by the Western European Union) for examining the defence efforts of member countries to see whether there are any elements in these techniques which might be usefully adapted to the verification procedures of a disarmament agreement;

(b) the establishment of a special NATO committee composed of disarmament experts and NATO military representatives with the purpose of studying the broad techniques mentioned in (a) above and some of the SACEUR's imaginative schemes for inspection teams and overlapping radar to minimize the dangers of surprise attack.

Apart from East-West relations, Summit problems and disarmament, the only other major issues looming in the background are:

(i) NATO consultation and political consultation between the members of the Common Market;

(ii) Soviet economic offensive;

(iii) aid to under-developed countries;

(iv) the implications for NATO of the economic split in Europe.

If it seems appropriate for Canada to intervene in any discussion which develops on (i), we would recommend that the Delegation should take basically the same line which you developed on this subject during your visit to the NATO Council on October 28.[134] We are currently consulting with the other Departments concerned on the other three subjects mentioned and we expect to be in a position to recommend to you very soon a line which, if you agree, might be adopted at the Meeting. Our impression is that the Turks and the Greeks are sponsoring a discussion of the Soviet economic offensive in order that they may have an opportunity to renew their long-standing request for special economic and financial assistance from their NATO allies. On the question of aid to under-developed areas, there are signs that the United States may make a plea to its NATO partners to encourage them to assume a fair share of the burden. The fourth subject mentioned (i.e. the economic split in Europe) may not be discussed but it will certainly loom large in the background. We are working with other Departments on a memorandum which would, we think, be useful in the event there is a debate on this highly important question.

We are endeavouring to have all the briefing papers in your hands by Friday. We are also preparing draft notes for your statement in the Council. As we have mentioned above, the emphasis, if you agree, will be mainly on East-West relations and disarmament.

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[134] Voir « M. Green à Paris et à Londres. » *Affaires Extérieures*, vol. XI, N° 12 (décembre 1959), pp. 385 à 387.

See "Mr. Green in Paris and London." *External Affairs*, Vol. XI, No. 12 (December 1959), pp. 389-391.

N.A. R[OBERTSON]

114. DEA/50102-X-40

Le secrétaire d'État aux Affaires extérieures au chefs de poste à l'étranger

Secretary of State for External Affairs to Heads of Posts Abroad

SECRET [Ottawa], January 27, 1960

NATO MINISTERIAL MEETING
DECEMBER 15, 16, 17 AND 22

Attached is a copy of the report prepared by the Canadian Delegation on the Annual Meeting of the Foreign Defence and Finance Ministers of the Alliance which convened in Paris on December 15, 16, 17 and 22.

W.H. BARTON
for Secretary of State for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Réunion ministérielle de l'OTAN

NATO Ministerial Meeting

CIRCULAR DOC. A 3/60 [Paris], January 8, 1960

SECRET

REPORT OF THE CANADIAN DELEGATION

The Annual Meeting of the Foreign, Defence and Finance Ministers convened in Paris from December 15 to 17, and again on December 22 following a meeting of the Heads of Government of the United States, the United Kingdom, France and the Federal Republic of Germany, which considered preparations for the proposed East-West Summit conference. In addition, the Foreign Ministers of Canada, France, Italy, the United Kingdom and the United States met on December 21 to discuss arrangements for convening the Committee of Ten on Disarmament. NATO Ministers consequently were concerned not only with their traditional review of the international situation and the military strength of the Alliance but also with arrangements for the East-West Summit conference, preparations for the disarmament negotiations, and with the problem of ensuring adequate consultation with the NATO Council in the weeks ahead.

From a Canadian point of view, the meetings were successful. They were marked by noticeably frank yet friendly exchanges on several central problems such as the integration of European air defence, NATO nuclear policy and political consultation in relation to preparations for the Summit. Agreement was reached on arrangements for convening the Summit conference and the meetings of the Disarmament Committee and for ensuring that there would be full consultation with NATO in preparing the Western position for these meetings. It was a cause for particular satisfaction that the Four Heads of Government and the Ministerial Council accepted the concept of having a series of Summit meetings. At the same time, the agreement on preparatory arrangements for the Summit gave the Federal Republic of

Germany a special position which heretofore it had occupied only in respect of East-West meetings of Foreign Ministers concerned with the problems of Germany and Berlin.

While virtually no progress was made in respect of the defence questions mentioned, the French representatives were made fully aware of the concern with which most of their Allies view the lack of progress achieved, particularly in respect of air defence in Europe. The French Ministers, for the most part, participated actively in the discussions. They reserved their criticism of General Twining's frank statement to the Military Committee (which contained several pointed references to the French stand on air defence and nuclear weapons and was leaked to the press)[135] for the discussion of defence problems on December 16. The meetings were successful in establishing NATO's rôle in the preparations for the disarmament negotiations and a Canadian suggestion for NATO disarmament studies was accepted.

For the purpose of this report, the discussions which developed will be treated under the following main headings:

I. The changing international atmosphere and the general posture which NATO should adopt;
II. Defence problems, including the question of integration;
III. East-West Summit meeting;
IV. Disarmament;
V. NATO consultation;
VI. Economic problems;
VII. Other questions.

I. INTERNATIONAL SITUATION

The extent to which the Ministers were prepared to see within the new Soviet posture the possibility of a genuine change of attitude produced the widest range of opinion. At one end of the scale, Turkey was the most out-spoken of the group, which included Portugal and, to a lesser extent, Germany, who remained deeply suspicious of Soviet pronouncements of peaceful intentions. At the other end were Norway, Denmark, the United States, the United Kingdom, France and Canada, who considered that there already exists the beginning of a détente in East-West relations which should be explored and extended, if possible, through the continuation of contacts at all levels with the Soviet Union. In his appreciation of the current situation, Mr. Herter concluded that while there had been no change in basic communist objectives which would permit NATO to relax its defence efforts, it must be acknowledged that a combination of recent developments justified further probing of Soviet intentions at this time. Foremost among such developments was the removal, at least for the present, of the element of duress in the Soviet position on Berlin. There was nothing to support the view that the Soviet Union had abandoned its conviction that the future belongs to the communist system. On the other hand, a variety of factors appeared to have caused them to shift their interest to political and economic achievements. Mr. Herter thought it was possible to see, in recent Soviet foreign and internal policy developments, some prospect that the Soviet Union desires to avoid war and, as a corollary thereto, is willing to discuss serious methods of safe and secure arms control. Accompanying this may be a disposition to make a serious effort towards a solution of certain internal problems. He admitted that an opposite view could, of course, be taken of the events cited and that the Soviet may calculate that their efforts in the nuclear and missile fields may earn them a decisive advantage over the forces of the Free World. Any such advantage could then be exploited, if not in open warfare at least as a means of pressure for the furtherance of

[135] Voir/See *Foreign Relations of the United States, 1958-1960,* Volume VII, Part 1 (Washington: United States Government Printing Office 1993), pp. 525-527.

Soviet purposes, principally to cause NATO to disintegrate and to force United States forces to withdraw from Europe.

Mr. Lloyd's appraisal of current East-West relations was even more optimistic than that of Mr. Herter. He had no hesitation in expressing his belief that there had been a change in the Soviet attitude. Mr. Couve de Murville went even further in referring to "spectacular changes in the Soviet attitude" in the short space of one year, contrasting the absence of crises in 1959 with the events in 1958 which had seen situations develop in the Middle East, the Far East and Europe.

The Canadian view, expressed by Mr. Green, recognized that there had been a change for the better in the international situation during the past year. At the same time, the situation demanded imagination and caution in the right balance. There was a need to guard against any temptation to relax our vigilance.

In examining the present Soviet approach to international questions it was important to distinguish between capabilities and intentions. In the Canadian view there were some grounds for believing that the basic approach of the Soviet leaders may be in the process of change and that they, for their own purpose, may now desire an amelioration in their relations with the West and possibly some movement towards a measure of disarmament. However, Canada had no illusions about the very real difficulties which lie in the way of reaching agreement with the U.S.S.R. on major issues. It was important to remain watchful and realistic, but also to avoid placing the worst construction on every Soviet action or pronouncement. The West, acting in unison, should not be afraid to match conciliatory gestures with the Soviet Union or to meet any genuine Soviet move towards improving the international atmosphere. Mr. Green said Canada had long favoured a series of Summit meetings and attached considerable importance to adequate preparatory planning. It was gratifying to note that the growth of NATO consultations enabled full discussion by Ministers of the results of the Heads of Government meeting on Summit questions. For the future it was important to consider how the work of the Council could be better focussed in relation to the Summit meeting. (Full text of Mr. Green's statement at Annex "A".)

The wide divergence of opinion in the Council on the interpretation to be placed on the current Soviet attitude was reflected in the debate on the communiqué which was issued on December 17. A United Kingdom attempt to inject a note of optimism, "welcoming the improvement in East-West relations which had taken place since the last NATO meeting," was rigorously opposed by Turkey and Germany, after considerable discussion the final agreed version was limited to an expression of hope that the negotiations between East and West will advance the solution of international problems. (Text of December 17 communiqué at Annex "B".)[136]

II. DEFENCE PROBLEMS

Although little, if any, progress was achieved in resolving the outstanding problems, the sessions on defence were marked by a frank and forthright exchange of views. If nothing else, the discussions should have served to bring home to the French the serious concern with which other members view their opposition to NATO plans and policies in the field of nuclear weapons and the integration of the European air defence system.[137]

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[136] Voir « Communiqué sur la réunion ministérielle de l'OTAN 17 décembre 1959, » *Affaires Extérieures*, vol. 12, N° 2 (février 1960), pp. 491 à 492.

See "NATO Ministerial Communiqué - Dec. 17, 1959," *External Affairs*, Vol. 12, No. 2 (February 1960), pp. 495-496.

[137] Voir les documents 95 à 98./See Documents 95-98.

The Gap

Both Mr. Herter and the United States Secretary for Defense stressed that the threat posed by increasing Soviet military strength still has to be met through an effective system of collective security and that the principle of an integrated defence system is now more essential than ever. Each member of the Alliance must assume its full share of the overall task; the United States for its part stands ready to provide substantial military assistance for those countries which require it but this aid must be regarded as a necessary supplement to a maximum European effort. Because of the increasing burden which the United States is being called upon to assume the Secretary for Defense urged countries to display greater resolution in pursuing common financing of modern weapons, coordinated research development and production of such weapons and co-operative use of national scientific and technical resources.

In addressing themselves to the general question of the gap between MC-70 requirements[138] and overall contributions, a number of Ministers indicated the intention of their governments to do more in the field of defence. While it was generally agreed that present planning of NATO countries as a whole falls far short of what would be necessary if MC-70 goals are to be met by 1963, most Ministers indicated that there would be an increase in their respective defence budgets in the forthcoming year.

There was general acceptance of a United States proposal that NATO should undertake long-term planning of the broad objectives of the Alliance in the political, economic, military and scientific fields as well as in the matter of arms control. While there was little discussion of this proposal, it appears that it is intended to provide a broad framework for the coordination of a number of suggestions, including measures to bring about a greater degree of burden sharing and co-operation in the military and scientific fields.

Integration of Air Defence

There was a particularly good discussion of the question of the integration of European air defence, the urgency of which was emphasized by General Norstad in a comprehensive and lucid report to the Ministers. The majority of speakers, and particularly the German Defence Minister, underlined their concern at the lack of progress in integrating effectively the air defence system. The Canadian Minister of National Defence criticized the lack of air defence protection for the Canadian Brigade in Germany and pointed to the degree of success which had been achieved in integrating the Canadian and United States air defence system in North America. The upshot of the discussion was that French Ministers, without revealing any change of attitude, agreed to let SACEUR have French views on the technical aspects of the problem within the next two months. In the course of the discussion the United Kingdom Minister of Defence said that if it would help solve the general problem, his Government would reconsider the assignment of U.K. fighter aircraft to Europe.

Nuclear Weapons

The United States Secretary of Defence called for a resolution of the problems involved in establishing nuclear weapons storage sites, the shortage of which was emphasized by SACEUR in his report as constituting the most serious block to further progress. In reply, the French Defence Minister indicated somewhat indirectly that if French views on the broad political aspects of the question of nuclear weapons are met, France will co-operate in making it possible for her own forces assigned to NATO to be armed with nuclear weapons and for other NATO forces normally stationed in France to be so armed. The Defence Ministers of Italy, Netherlands and Germany outlined briefly their own respective points of view in an effort to persuade France to be more co-operative in solving this problem.

[138] Voir le volume 24, les documents 181 à 204./See Volume 24, Documents 181-204.

Defence Ministers' Meeting

Some interest was shown in a United Kingdom proposal that a meeting of Defence Ministers should be convened in the spring. The resolution on defence finally adopted invited the Permanent Council to make an examination of the various proposals on defence put forward which would then be submitted to the Ministers of Defence who might meet to discuss them during March 1960.

III. EAST-WEST SUMMIT MEETINGS

During the opening debate all the middle and smaller members of the Alliance expressed their gratification for the arrangements made at the meeting for full consultation in the NATO Council in relation to the Heads of Government [Meeting] on December 19, and for the arrangements for the continuing association of the Alliance as a whole on preparations for the Summit. When this question was again considered on the third day of the meeting, the discussion centered on the report of the Four-Power Working Group† which had only been received one day earlier. Because of the short time available and because the report dealt largely with procedural matters, contributions of the other members were rather limited in scope and substance. Two points of importance which emerged were:

(a) There was general agreement with the Canadian view that the meetings of the Ten-Power Committee on Disarmament should commence before the East-West Summit meeting;

(b) Most speakers considered it inadvisable to include the question of aid to under-developed countries on the agenda of the Summit meeting.

A more substantiative discussion developed on December 22 following the Western Heads of Government meeting and the meeting of the five Western Foreign Ministers concerned with disarmament. Couve de Murville reported on the Heads of Government meeting and Mr. Pella informed the Council of the results of the meeting of the Five. (Communiqués issued by Four Heads of Government on Summit arrangements[139] and by Five Foreign Ministers on Disarmament[140] attached at Annexes "C" and "D".) The debate which followed might be dealt with under the following headings:

(a) *Summit Arrangements*

The French Foreign Minister said that April 27 had been selected for the proposed opening date of the Summit conference, having in mind commitments of the other four Heads of Government. The Four had agreed that this would be the first of a series of Summit meetings and Paris had been chosen as the site with the idea that the meetings could be held in the four capitals in succession. As to composition, agreement was reached that if the Soviet Union suggested that representation should be widened, for example to include East Germany, the Western Three would oppose this on the ground that various subjects of interest to other nations would be under discussion and it would not be practicable to have broader participation. In the hope of avoiding arguments about the agenda, the formula had been adopted of suggesting that the Summit meeting "discuss international questions of mutual concern." At the same time, the three Ambassadors in Moscow had been instructed to inform

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[139] Voir « Communiqué final des « quatre » relatif à la conférence au Sommet, » *Affaires Extérieures*, vol. 12, N° 2 (février 1960), pp. 492 à 493.

See "Final Communiqué of Western Heads of State and Government," *External Affairs*, Vol. 12, No. 2 (February 1960), pp. 496-497.

[140] Voir « Communiqué des « cinq » sur le désarmament - 21 décembre 1959, » *Affaires Extérieures*, vol. 12, N° 2 (février 1960), pp. 493 à 494.

See "Five-Power Communiqué on Disarmament - December 21, 1959," *External Affairs*, Vol. 12, No. 2 (February 1960), pp. 497-498.

Gromyko that the Western Powers, for their part, wished to have discussions on disarmament, Germany (including Berlin), and East-West relations. It was open to the Soviet Government to suggest other topics.

A coordinating committee would be established in Washington, D.C., composed of the Ambassadors of the United Kingdom, France and the Federal Republic of Germany under the Chairmanship of Mr. Herter. In addition, working parties would be established — one on Germany and Berlin, and one or more on relations between East and West.

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(b) *Germany, Including Berlin*

There was relatively little discussion on the problems of Germany and Berlin, although all speakers were agreed that Western rights in the city and the welfare of its inhabitants were not negotiable at the Summit. Mr. Brentano made a strong plea for the Alliance to stand firm on Berlin and both Mr. Herter and Mr. Lloyd indicated that their Governments were in favour of endorsing the terms of the December 1958 communiqués. The willingness of the Soviet Union to make concessions on Berlin was generally accepted as a test of its real intentions with regard to an improvement in its relations with the West. The Heads of Government communiqué gave prominence to the agreement of the Four to stand by the principles enunciated in the Four-Power and NATO communiqués of December 1958.[141] Similar reference was made in the final NATO communiqué and there was no objection raised by any member of the Council meeting to this obvious attempt to revert to the position taken a year ago rather than stand on the more flexible Western position disclosed at the Geneva Foreign Ministers Conference.

(c) *East-West Relations*

Since there had already been considerable discussion of this subject during the first day of the meetings, there was virtually no comment on this item during the debate on the Working Group report. In his oral report on the Western Summit meeting, Mr. Couve de Murville explained that the inclusion of this item on the agenda of the forthcoming East-West Summit meeting had been based on the knowledge that the rivalry between East and West had been transferred in part to the African and Asian countries and there was a need for the establishment of ground rules for East and West in those areas. It was hoped that instead of being based on competition, the relationships of East and West with the under-developed countries could be organized for their benefit and that the principles of non-interference in their affairs should prevail. He admitted, however, that discussion of this item would probably encompass vast problems, the limits of which had not been clearly defined. The French Foreign Minister's report and the Four's invitation to Mr. Khrushchev (which was circulated to Council members the same day), which referred to a series of Summit meetings "to discuss the main problems affecting peace and stability in the world," brought a variety or reactions from the Ministers, many of whom were concerned with the need to ensure full NATO consultation. This debate is summarized under section V below.

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[141] Voir *Documents diplomatiques français*, 1958, Tome II (Paris: Imprimerie nationale, 1993), p. 874. Voir aussi Conseil de l'Atlantique Nord, *Textes des communiqués finals, 1949-1974* (Bruxelles: Service de l'information OTAN, s.d.), pp. 129 à 131.

See United States, Senate Committee on Foreign Relations, *Documents on Germany, 1944-1961* (Washington: United States Government Printing Office, 1961), p. 364. See also North Atlantic Council, *Texts of Final Communiqués, 1949-1974* (Brussels: NATO Information Service, n.d.), pp. 121-123.

IV. DISARMAMENT

In addition to support for the Canadian view that preparations for disarmament negotiations should get under way as soon as possible, it was generally agreed that the Western members of the Committee should have the main responsibility for preparations on matters of substance relating to both the Ten-Power Committee and the East-West Summit meeting. At the Five-Power Foreign Ministers meeting on December 21, approval was given to the Canadian suggestion that a letter should be sent to the Eastern five members of the Committee proposing the commencement of discussions in Geneva around March 13 and to advise the Secretary-General of the United Nations of this action. Approval was also given at the meeting of the Five to the Canadian proposal that a special paragraph on disarmament should be contained in the final communiqué. It was further agreed that some reference should be made in this communiqué to the Canadian suggestion for NATO studies in the disarmament field. In order to avoid any possibility of duplication of effort or of suggesting that the Western Five might have to wait for protracted military studies to come out of NATO, it was finally accepted in the Council that Ministers should announce in the NATO communiqué merely that they were instructing the Permanent Council to consider what assistance they could give to the consideration of plans for controlled disarmament. A sentence along these lines was included in the final communiqué with the full support of the other members of the Council. (Copy of Final Communiqué attached Annex "E".)[142]

V. NATO CONSULTATION

The importance of maintaining full consultation in NATO when preparing for the East-West Summit meeting was repeatedly emphasized during the first three days of the meeting. There was little sign of dissatisfaction with the adequacy of the arrangements which had been made. It was not until the final day of the meeting that a heated debate developed when the French Foreign Minister made his report on the Western Heads of Government meeting and the text of the invitation to Mr. Khrushchev was made known to the Ministers. (Text of invitation to Mr. Khrushchev attached at Annex "F".)[143] The discussion centered mainly on the proposal in the letter to Mr. Khrushchev that there be a series of Summit meetings "to discuss the main problems affecting the attainment of peace and stability in the world."

The Turkish Foreign Minister and Mr. Spaak were outspoken in their worries about the new situation developing whereby a virtual political standing group appeared to be coming into being. Turkey, for one, was not prepared to see problems of national concern settled by any other countries unless Turkey had been consulted in advance. Mr. Spaak reminded members that the whole future of the Alliance depended to a large extent on whether the major powers were generally prepared to abide by their expressed intention of keeping the Council regularly consulted and it was highly important to avoid placing the Council in the position of having to accept a *fait accompli*. Moreover, if matters relating to the Middle East and Africa were to be discussed by the major powers at the Summit, it was unthinkable that the countries immediately concerned should be excluded from the preparations for this Summit.

Both Mr. Lloyd and Mr. Herter endeavoured to reassure the Council of the intentions of the Three. Mr. Herter said that there had never been any thought of institutionalizing the Summit powers as a directorate to run the affairs of other countries; there were serious problems of

[142] Voir « Communiqué final de la réunion ministérielle de l'OTAN 22 décembre, » *Affaires Extérieures*, vol. 12, N° 2 (février 1960), pp. 494 à 495.
See "Final Communiqué of NATO Ministerial Meeting - Dec. 22," *External Affairs*, Vol. 12, No. 2 (February 1960), p. 498.

[143] Voir « Lettre d'invitation à M. Khrouchtchev, » *Affaires Extérieures*, vol. 12, N° 2 (février 1960), p. 493.
See "Text of Invitation to Mr. Khrushchev," *External Affairs*, Vol. 12, No. 2 (February 1960), p. 497.

worldwide concern to be faced and the Summit meeting appeared to be the best way of dealing with them. Mr. Lloyd stressed that the nature of Soviet leadership was such that a Summit meeting offered the best way of proceeding. He thought it important to distinguish between negotiation and discussion — the first could appropriately be applied to Germany and Berlin, where the Four Powers had special responsibilities, and also for disarmament for the Ten-Power group had the unanimous approval of the United Nations for its work. He did not think that there would be negotiations on the subject of East-West relations but rather on exploration of this field. There would likely be discussions of such matters as propaganda and non-interference in the affairs of other countries. He denied any intention of forming a political standing group and emphasized the need for and the value his Government attached to the fullest possible consultation within NATO.

A practical note and an expression of confidence in the Three were introduced by the Canadian Minister for External Affairs. Mr. Green stressed the need to accept the declared willingness of the Three to consult fully with NATO in the preparations for the East-West Summit. He reminded the Council that the other members would also have to do some preparatory work if they were to make any useful contribution during such consultation. Mr. Green thought that the language employed in the invitation to Mr. Khrushchev could be construed as implying the creation of a political directorate but he thought that such was probably not the intention of the drafters. The important task ahead was to prepare for the Summit meeting. Full consultation with NATO was essential but Mr. Green indicated that the Council should also direct its attention to the situation which would follow the Summit meeting in order to ensure adequate consultation in preparation for the next meeting of the series.

VI. ECONOMIC PROBLEMS

(a) *The Six and the Seven*

The dangers apparent in the formation of economic groups within the Alliance were alluded to frequently during the first days of the meeting. Members of both the Common Market and the EFTA protested that they had no intention of promoting the economic or political division of Europe or of disregarding their common obligations as members of NATO. Mr. Lloyd welcomed the creation of the Common Market, which his Government regarded as a source of strength. He hoped, however, that it would not develop as an exclusive organization or lead to a trade war. He defended the EFTA as a group founded to bring Europe closer together and to encourage its development along liberal lines. It was particularly important, he thought, to avoid a political division in Europe.

During a discussion of the Working Group's report, a number of speakers, particularly the Belgian Foreign Minister, emphasized the need for the West to put its own economic house in order before considering any approach to the Russians on trade or aid. Some doubt was expressed about the adequacy of the OEEC to consider these problems. Mr. Lange thought that the NATO Foreign Ministers should agree on broad political directives and it would then be up to the Permanent Representatives in the Council to consider the most suitable method and form for devising a common approach.

The special communiqué issued by the Four on the arrangements for informal consultation between the various economic groups prior to the OEEC Ministerial meeting[144] was the subject of some comment. Mr. Couve de Murville explained that with the economic recovery of Western Europe, the heads of Government considered that certain matters, including the development of regional organizations, aid to under-developed countries and national commercial policies should be studied in the widest possible context. To this end it was

[144] Voir/See *Department of State Bulletin*, Vol. XLII, No. 1072 (January 11, 1960), p. 43.

decided to call together a special group of representative countries for informal examination of the issues involved and to recommend further methods to be pursued. The Norwegian and Danish Foreign Ministers emphasized the importance of this proposal and the need to do everything possible to avoid a split between Europe and North America. They approved of the balance achieved in this proposed study group. Turkey and Luxembourg complained of not being represented. The Greek Foreign Minister thought that the OEEC Council was the logical body for such discussions. Mr. Herter explained that the proposal was merely a method of getting started and that he envisaged continuing consultations which would include all NATO and OEEC members. Mr. Couve de Murville pointed out that the proposed informal meeting was merely a device for getting economic policy discussions under way and that the membership did not necessarily foreshadow the establishment of an institution with the same representation.

(b) *Aid to Under-Developed Countries*

With the exception of Turkey and Greece, which adopted their traditional line that the under-developed countries of the Alliance should be given priority, most members recognized that the major Soviet economic and political effort in the coming decade would be in the under-developed areas of the world and that an intensified Western effort would consequently be required. Most members agreed that while the Council constituted a proper forum for discussion of Western policies, the implementation of these policies should be dealt with elsewhere.

There was general agreement that it would be premature to discuss this question with the Russians at any Summit meeting. They would certainly exploit, for political ends, any opportunity given them to "co-operate" with the West in this field and they might claim the right to object to bilateral aid being given by Western countries to any country to which "joint programme" was being applied. There was, however, a good deal of interest in the Norwegian suggestion that the West might challenge the Soviet Union to join in contributing on a much larger scale than they have in the past to the aid programmes in the United Nations where there were rules preventing the exploitation of such assistance.

(c) *Special Assistance to Under-Developed Countries in NATO*

In addition to their traditional pleas for special treatment, an effort was made by Turkey to include a special passage to this effect in the communiqué issued on December 17. The Canadian Minister of Finance intervened to oppose any reference in the communiqué to discussion by the Council of co-operation in the economic field on the grounds that this matter had been considered only briefly and obliquely in connection with the question of the inclusion of aid to under-developed countries on the Summit agenda and because there were several other organizations which provided more suitable forums for discussion of economic questions. He also opposed, for the same reasons, any reference in the communiqué to the question of aid to under-developed countries. He advanced the additional reason that the countries concerned, which were not members of NATO, might take exception to the public treatment of this subject in a NATO context. Mr. Herter reaffirmed U.S. interest in the economic development of Greece and Turkey, but generally agreed with the Canadian point of view. He referred to the problems which such a passage in a communiqué would create for the United States, particularly in their relations with Latin America.

VII. OTHER QUESTIONS

(a) *Icelandic Fisheries Dispute*

On December 17 the Icelandic Foreign Minister intervened briefly to raise the issue of the presence of U.K. warships in "Icelandic waters." He said it was against NATO principles for a member to resort to force to prevent the implementation of local legislation enacted by another

member of the Alliance, and expressed particular concern that such a situation should exist as the nations are approaching the 1960 Conference on the Law of the Sea.

Mr. Selwyn Lloyd put the U.K. case in familiar terms. He regretted that Iceland had taken the law into its own hands and by local legislation had attempted to effect unilateral control over a large area regarded by the United Kingdom as the high seas. He mentioned that the United Kingdom had repeatedly made proposals for an interim settlement pending the 1960 conference, but the Icelanders had refused to consider any such arrangement. After brief statements by Greece and Norway, Mr. Herter intervened to offer assistance and also suggested the NATO Permanent Council might be able to help. After referring bluntly to past difficulties in negotiating in view of the unilateral Icelandic action, Mr. Spaak said he was willing to offer his good offices and would resume discussions with the United Kingdom and Icelandic Permanent Representatives at the beginning of January.

(b) *Belgian Congo*

Mr. Wigny read into the record a prepared statement on recent developments in the Belgian Congo relating to the movement towards independence and the problems involved. There was no comment.

(c) *New Guinea*

The Netherlands Foreign Minister spoke briefly about the extent to which Indonesian infiltrations into Dutch New Guinea have increased. He emphasized the need to continue to warn the Indonesian Government that the use of force against Dutch New Guinea will not be tolerated. These warnings, he explained, constituted the only deterrent against Indonesian military ventures. The Council took note of the Minister's statement.

(d) *Date and Place of Next Ministerial Meeting*

The Turkish Foreign Minister said his Government would be highly honoured if the NATO Council were to hold its next Ministerial meeting in Istanbul. On behalf of the Council, the Secretary General accepted the Turkish invitation and suggested that a convenient time might be about May 15; the question of timing could, however, be discussed later in the Permanent Council.

[ANNEXE A/ANNEX A]

Déclaration du secrétaire d'État aux Affaires extérieures

Statement by Secretary of State for External Affairs

[Paris], December 15, [1959]

Mr. Chairman:

Important tasks confront us at this meeting. In addition to the Annual Review of our collective strength, a main purpose of this meeting is to adopt the best possible political, economic and military posture in preparation for the opening of the difficult negotiations which lie ahead.

A year ago discussions on disarmament were blocked; exchanges of views through normal diplomatic channels were unrewarding; a summit meeting was not in sight; and the West was faced with what could only have been assumed to be an ultimatum over Berlin. This situation has now changed for the better; there is no longer an ultimatum over Berlin; new machinery for discussion on disarmament has been set up; diplomatic exchanges are less strained; and we look forward to an East-West summit meeting.

Thus we find ourselves in a situation in which international tension has been reduced but the major political issues are still unresolved. In the new circumstances, we face a test no less challenging than a year ago. Now, more than ever, we need imagination and caution in the right balance. Until the fundamental problems are peacefully resolved we shall need to guard against any temptation to relax our vigilance. We must continue to recognize that NATO has special responsibilities for the maintenance of peace and security. We have never believed that we should brandish our arms; neither should we yield to a temptation to discard them prematurely. Certainly the latest military assessment and the NATO Annual Review can hardly give any of us cause for complacency.

Canada has made every effort during the past year so to organize its defensive planning as to achieve a more effective contribution to NATO defensive strength. In recent months the government has reached a number of important decisions relating to both the North American and European areas of NATO. The requirements of the defence of North America are expanding and they are costly. It is a measure of our belief in the vitality of the Alliance that we decided to re-equip our Air Division in Europe with the most modern aircraft.

East-West Relations

Since the visit of Mr. Khrushchev to the U.S.A. with the impetus that visit gave to an improvement of the international situation, the Canadian government has been reflecting carefully on the implications of this changed atmosphere for NATO countries — individually and collectively. The fundamental question facing the Alliance is to what extent the Soviet approach involves a basic change of intention, or to what extent it is a tactical move designed to weaken and divide the West.

When I attended a meeting of the Permanent Council on October 28, I mentioned the need for thoroughgoing consultation on political matters. Such consultations are of the utmost importance when it comes to evaluating Soviet intentions, in order to ensure that our assessments reflect the collective experience, knowledge and judgement of all of us.

It is important, we believe, to distinguish clearly between capabilities and intentions. We must continue to study Soviet capabilities with the utmost care. It is equally essential that we should try to determine what are the basic factors underlying the Soviet approach, and, to the extent possible, what are their intentions. In preparation for the forthcoming negotiations we should examine how the West might test the genuineness of Soviet pronouncements. We must recognize also that Western actions and Western attitudes do influence Soviet policies.

The Canadian government considers that there is some ground for believing that the basic approach of the Soviet leaders may be in the process of change and that the Soviet leaders for their own purposes may now desire an amelioration of their relations with the West and possibly some movement towards a measure of real disarmament. The Soviet leaders may have over-estimated the ease of reaching agreement with the West on Soviet terms just as they may have under-estimated Western resistance to their original Berlin proposal. It is also quite possible that the Russians really want a reduction in arms both to lessen the chances of nuclear war and to allow them to proceed with domestic development. They may have come to the conclusion that they have little to gain by what might be called "missile rattling" which only unites the West and frightens neutralists. I know that a year of relative quiet is insufficient to demonstrate that Soviet policy in the near future may be less aggressive. But if Soviet policy in fact should prove to be less aggressive, this is surely a tendency which the West should encourage. It diminishes the risk of accidental war — and I think we should not overlook the possibility that another Berlin crisis could get out of control.

In our examination of the present situation we are conscious of the fact that an assessment of Soviet intentions is a difficult and complicated problem. We recognize that all NATO

countries do not necessarily see eye to eye on all aspects of it. Undue optimism can easily lead to a weakening of public support for defence efforts. We must, therefore, try to keep all the facts before the people to whom our governments are responsible.

The Canadian government has no illusions about the very real difficulties that lie in the way of reaching any agreement with the Soviet Union on major disputes and differences. Progress may well be slow.

But I believe that while remaining watchful and realistic, and avoiding unilateral concessions, we should resist the tendency we sometimes have of placing the worst construction on Soviet actions and pronouncements. Provided we move in unison, we should not be afraid to match gesture for conciliatory gesture with the Soviet Union, and to meet on our side any genuine move they are willing to make on theirs towards living together in a better atmosphere.

Summit Problems

The Canadian government has long favoured a series of summit meetings; we have recognized that all such meetings should have adequate preparatory planning. It is indeed gratifying, and I think a most important development in the growth of NATO consultation, that the Foreign Ministers of the four NATO members concerned are to meet with other NATO Foreign Ministers on December 22 to discuss the results of the Western Heads of Government meeting.

As for the future, we believe some effort should be made better to focus the work of the Council in relation to the forthcoming East-West summit meeting. This will be a continuing process.

An immediate task for the Council is to devote its attention to the Four Power Working Paper distributed yesterday. Two subjects dealt with in that report are of special interest to Canada — East-West relations, and disarmament. I have already dealt in some detail with East-West relations.

Disarmament

With regard to disarmament, the Canadian government has, of course, a special interest, because of its membership in the Ten-Power Committee. We are encouraged by the fact that the Geneva Conference on nuclear tests has reached agreement on a good many articles of a draft treaty. We take even greater satisfaction from the progress which has been made in the discussion of the central political problems, especially those concerning the procedures for taking decisions regarding inspections. I should like to place on record our appreciation of the skill, tenacity and patience with which the representatives of the U.S.A. and the U.K. in Geneva are pursuing the objective of a workable agreement. I should add that in our view it is essential that they persevere and make every effort to achieve success, because it is difficult to envisage the new Disarmament Committee succeeding in solving control problems in relation to general disarmament if failure should attend current efforts in the relatively narrow and straightforward field of nuclear tests.

I am sure there will be no dissent from the view that the Disarmament Committee should meet as early as is practicable. The Canadian government for its part, has appointed a distinguished public servant, with a notable record of service to the U.N., Lt. Gen. Burns, to lead its delegation to the Committee and to assist in the planning of sound policies to be advocated by the Western members. We hope that substantive consultations will be initiated soon among the five Western members.

NATO and Disarmament

The members of the Disarmament Committee are in fact all members of NATO or of the Warsaw Pact. It is clear that the work of the Committee will be of direct interest to all NATO countries. It is the same search for peace and security which underlies our approach to disarmament and our membership in this alliance. In our view there is no inconsistency between the maintenance of a high degree of military preparedness and our strong desire to reach an acceptable disarmament agreement with the Soviet Bloc. In this connection we should address ourselves to a very fundamental question. Having regard to the development of ever more devastating weapons and the rising costs of military preparedness, are all our governments agreed that our common defence and security can best be promoted by a comprehensive and safeguarded disarmament agreement?

If we are so agreed, and I believe that we are, we should examine carefully possible ways in which NATO might make a useful contribution to the preparations for the disarmament negotiations. We should seek to organize the political and military staffs of the alliance so that we may undertake a planning effort on a scale commensurate with the importance of the task. To make such an effort, we shall need to devise not only the required machinery but appropriate terms of reference. Within a few weeks I trust that we shall be consulting on the basic policies to be pursued in such negotiations with the Soviet Union. Should we not at the same time, Mr. Chairman, proceed to marshal our political and military experts to assist in the elaboration and extension of the basic principles?

If these ideas find general acceptance, let us ask the Permanent Council to consider what kind of group might be brought together to enable the resources of NATO to be applied positively to the problems of disarmament. I was very interested in the ideas put forward by Mr. Herter this morning for a long range planning effort for the next decade. One of the areas which he indicated required special attention was arms control, where he saw a need for NATO to develop a full planning effort for the protracted negotiations which lie ahead. I think the suggestion I have just outlined fits in well with Mr. Herter's proposals for long range planning, although what I had in mind was something more immediate and more specialized to prepare ourselves for the disarmament negotiations immediately ahead. The one might well lead into the other in this particular field.

Mr. Chairman, I have confined my intervention to some of the subjects on which I felt Canada might make a constructive contributions rather than dealing with all those subjects of concern to Canada. In closing, I should like to say this: the alliance has great accomplishments to its credit — and it has a vital role to play in the future. Let us not hesitate to adapt our policies to meet new circumstances as they arise, and new circumstances have arisen in recent weeks. We have to reckon with an adversary who can change his policies more readily than we can, without the whole laborious process on consultation and explanation that is necessarily involved for democracies. But, don't forget, we have behind us the strength and the vision of free peoples and, facing the challenge together, we simply cannot fail.

CHAPITRE III/CHAPTER III

RELATIONS AVEC LE COMMONWEALTH
COMMONWEALTH RELATIONS

PREMIÈRE PARTIE/PART 1

ADHÉSION DE CHYPRE AU COMMONWEALTH
MEMBERSHIP OF CYPRUS IN THE COMMONWEALTH

115. DEA/12833-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], September 25, 1959

CYPRUS AND THE COMMONWEALTH

The United Kingdom has submitted to members of the Commonwealth proposals for association of Cyprus with the Commonwealth if the Cypriots want such an association when they achieve independent status by February of next year. These proposals envisage Cyprus in a different relationship from that of full membership. Cyprus would enjoy all privileges of preferences arising out of Commonwealth citizenship and would participate in Commonwealth meetings on economic or social matters. They would not, however, participate in Prime Ministers' meetings or other meetings on defence or foreign policy. The small population of Cyprus, its lack of international importance, and its treaty relationship with Greece and Turkey are cited as reasons for exclusion from sensitive matters such as defence and foreign policy.

2. Although the United Kingdom have stated that Cyprus is considered a unique question, and that they are not establishing a precedent for a new class of Commonwealth associates, the effect of these proposals on the future of the Commonwealth must be considered seriously. There will be other small countries applying for membership, and some of them, like many present members, may be expected to have regional alliances with foreign countries. We are very doubtful of the effect of dividing the Commonwealth into first and second-class membership. The ties that bind the countries of the Commonwealth are strong, but not in an institutional sense. If these institutional links or privileges are further restricted, the association may not seem very attractive.

3. The letter of September 15,† containing the United Kingdom proposals, was preceded by some eight months of intensive study by United Kingdom officials. It has now been followed by an urgent request (urgent because of the short time which remains before Cyprus attains independence) that the Governor, Sir Hugh Foot, be authorized by the Commonwealth to negotiate informally with the Cypriot authorities on the basis of the United Kingdom proposals. It is suggested, since the negotiations would be informal, that approval of the proposals themselves in detail, by each of the Commonwealth governments, would not need to be a prerequisite to approval of the proposed United Kingdom-Cyprus conversations.

4. The months of study in the United Kingdom were parallelled by studies here, although only in general terms since the nature of the specific proposals was not, of course, known. There seem to be no specific economic or immigration problems for Canada in accepting the proposed status for Cyprus. Our concern, however, would be for the future of the Commonwealth. We have not had an opportunity to discuss the implications with our partners, although we have been told by the United Kingdom that Mr. Menzies and Mr. Nehru have agreed. It would be difficult for Canada to stand out alone if the other members accepted the proposals. You might wish to inform the United Kingdom that you agree to the Governor's using these as a basis for discussion with the Cypriots on the understanding that any agreement would be referred back to us for further consideration. In doing so, however, it should be recognized that it would be much more difficult to object later when doing so would appear as upsetting the product of a delicate negotiation.

5. The Prime Minister has already indicated to the United Kingdom High Commissioner his doubts about the proposals, and you will recall that Mr. Macmillan himself, when he was in Ottawa last spring,[145] was dubious about recommendations of this kind — although he presumably has since become reconciled. You may wish, therefore, to recommend to the Prime Minister that he inform Mr. Macmillan that he is concerned about the wisdom of this policy for broad Commonwealth reasons and he would like an opportunity to exchange views with other Prime Ministers. Such consultations might be inaugurated as a matter of urgency, and they might be undertaken by telegraphic exchange or by meetings of the High Commissioners in London. The views of others might be explored first by a direct exchange of views, and meetings in London might be held if it is then considered necessary to reconsider or alter the present United Kingdom proposals.

6. Attached is a more extensive examination of the United Kingdom proposals.†

N.A. ROBERTSON

116. DEA/12833-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], October 2, 1959

CYPRUS IN THE COMMONWEALTH

You have, I think, agreed that the United Kingdom High Commissioner should be informed that you would not object to a discussion by the United Kingdom Governor of Cyprus, Sir Hugh Foot, of the United Kingdom proposals with the Cypriot authorities. I accordingly attach a suggested letter to Sir Saville Garner for your signature.[146]

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[145] Voir/See Document 147.

[146] Note marginale :/Marginal note:
Letter as submitted under this memo was redrafted on Prime Minister's instructions. Amended draft was signed Oct 3, send to UK H.C. by hand, a.m. Oct 5. H.B. R[obinson]

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une lettre du premier ministre au haut-commissaire du Royaume-Uni

Draft Letter from Prime Minister to High Commissioner of United Kingdom

SECRET Ottawa, October 2, 1959

Dear Sir Saville [Garner],

In your letter of September 15 and accompanying memorandum, an outline was given of United Kingdom proposals for the relationship of Cyprus to the Commonwealth. You invited the comments of the Canadian Government. Subsequently you drew attention to the necessity of early action on the part of the United Kingdom Government in view of the impending independence of Cyprus, and asked if we would see any objection to having the Governor use the United Kingdom proposals as a basis for discussion with the Cypriot authorities. It was understood that any agreement reached would be referred to other Commonwealth Governments for further consideration.

I am now able to tell you that I would see no objection to this proposed action, and will look forward to hearing the results of the conversations which presumably will take place in the near future.

I mentioned when you brought your letter that I had some reservations about creating a new form of relationship in the Commonwealth. At the same time, I appreciate the unique and peculiar position of Cyprus and recognize that a special solution found for it need not establish a precedent for other and different situations that may arise.

I am,

Yours sincerely,
[J.G. DIEFENBAKER]

117. DEA/12833-40

Le premier ministre au haut-commissaire du Royaume-Uni

Prime Minister to High Commissioner of United Kingdom

SECRET Ottawa, October 3, 1959

Dear Sir Saville [Garner],

In your letter of September 15 and accompanying memorandum, an outline was given of United Kingdom proposals for the relationship of Cyprus to the Commonwealth. You invited the comments of the Canadian Government. Subsequently you drew attention to the necessity of early action on the part of the United Kingdom Government in view of the impending independence of Cyprus, and asked if we would see any objection to having the Governor use the United Kingdom proposals as a basis for discussion with the Cypriot authorities. It was understood that any agreement reached would be referred to other Commonwealth Governments for further consideration.

I mentioned when you brought your letter that I had doubts about the wisdom of creating a new form of relationship in the Commonwealth. These doubts have not been entirely removed

as a result of further consideration of this question; the idea of a special form of membership seems to me to have serious implications for the future of the Commonwealth. I do, however, appreciate the unique and peculiar position of Cyprus and recognize that there is some force in the argument that a special solution found for Cyprus need not establish a precedent for other and different situations that may arise. I would, therefore, agree that the proposals enclosed with your letter of September 15 might be used as the basis for a cautious exploration of Cyprus' views.

I am,

Yours sincerely,

J.G. DIEFENBAKER

118. DEA/12833-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET. CANADIAN EYES ONLY. [Ottawa], December 1, 1959

CYPRUS AND THE COMMONWEALTH

You will recall that you preferred not to give your immediate and unconditional agreement to the United Kingdom proposals for the eventual status of Cyprus within the Commonwealth (a status equivalent to full membership but without the right to attend Commonwealth Prime Ministers' meetings, or other meetings dealing with defence or foreign policy). In your letter of October 3 to Sir Saville Garner, you noted that the United Kingdom authorities had asked only if their proposals might be used as a basis for discussion with the Cypriot authorities, on the understanding that any agreement reached would be referred to other Commonwealth Governments for further consideration. You continued:

> "I mentioned when you brought your letter that I had doubts about the wisdom of creating a new form of relationship in the Commonwealth. These doubts have not been entirely removed as a result of further consideration of this question; the idea of a special form of membership seems to me to have serious implications for the future of the Commonwealth. I do, however, appreciate the unique and peculiar position of Cyprus and recognize that there is some force in the argument that a special solution found for Cyprus need not establish a precedent for other and different situations that may arise. I would, therefore, agree that the proposals enclosed with your letter of September 15 might be used as the basis for a cautious exploration of Cyprus' views."

Despite questions and reservations by some members, the U.K. Government did obtain full Commonwealth concurrence in the use of the U.K. proposals as a basis for discussion with the Cypriot authorities. The Governor, Sir Hugh Foot, explained them informally to the Greek-Cypriot and Turkish-Cypriot leaders, who reacted favourably, and they are now to be put forward more formally and will be considered by the Cypriots after the election on December 13 of leaders representing the two communities. It is apparent, however, that the Cypriot leaders will not give final approval to the proposals until they can be placed before the legislature of an independent Cyprus — i.e. after the proposed independence date of February 19, 1960 — even though they have advised the U.K. authorities to proceed on the assumption that the proposals will be accepted. Meanwhile the U.K. Government has to pass an independence act, probably in January, and this must make provision for the citizenship

status of Cypriots after independence. The procedure now envisaged is that the act will specify that Cypriots are to have Commonwealth citizenship, but the pertinent clauses will be brought into force, by order-in-council, only after the Cypriot legislature has given its approval; the act will provide that present United Kingdom and colonies citizenship will continue after independence and until the permanent provisions are brought into force.

Officials of the Department had an opportunity to discuss the Cyprus timetable, last week, with a visiting U.K. official, Mr. D.W.S. Hunt, an assistant under-secretary in the Commonwealth Relations Office, and directly concerned with the subject. They asked him when it was envisaged that the further reference to the Commonwealth membership would take place. He thought it should be before the Cypriot legislature gave final approval, so that there would be no delay in the order-in-council bringing the citizenship provisions of the independence act into force. It was then suggested to him that the whole operation would have proceeded to a very advanced stage by that time, and that any objection by one of the Commonwealth members to the substance of the U.K. proposals would prove most upsetting to the U.K. authorities. He agreed very strongly, and advanced the proposition that if certain proposals had been agreed to as a basis for preliminary discussions, and those discussions then resulted in firm agreement, the governments which had given their approval earlier would not be expected at that stage to upset the agreement. The Canadian officials recalled that you had been assured that you were not being asked to give final approval to the proposals in substance but only to their use for preliminary discussions, and that you had specifically agreed on these conditions; under the circumstances they had no choice but to reserve your position fully, as to whether or not you would accept Mr. Hunt's proposition on the extent of your freedom of action.

It is, I think, apparent that events are moving rapidly towards a final decision on the Cyprus question. You may be prepared to agree that the U.K. authorities should proceed on the basis of their proposals, if they can get Cypriot concurrence. Alternatively, you might wish to review the implications of the U.K. proposals once more before taking a final decision, in which case a detailed memorandum on the subject could be submitted for your consideration.[147] If you wished to make any further observations to the United Kingdom Government on the substance of the proposals, I think you would agree that this should be done as soon as possible, and without waiting for the further reference to the Commonwealth members which, it appears, the U.K. authorities would expect to be no more than a final formality.

H.C. G[REEN]

119. DEA/12833-40

Note du chef de la Direction du Commonwealth pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Commonwealth Division, to Under-Secretary of State for External Affairs

SECRET. CANADIAN EYES ONLY. [Ottawa], December 8, 1959

CYPRUS AND THE COMMONWEALTH

As you know, the Prime Minister has indicated that he does not wish to withdraw his reservations regarding the substance of the U.K. proposals for Cyprus, and does wish to make his views known immediately to the United Kingdom Government. We have had no guidance

[147] Note marginale :/Marginal note:
Two alternative courses. [Auteur inconnu/Author unknown]

as to the nature of the alternatives the Prime Minister might suggest. We understand, however, that he has considered from the outset that Cyprus could be admitted to full membership in the Commonwealth (or, presumably, excluded), but that it would be undesirable, from the viewpoint of the future of the Commonwealth relationship, to create an intermediate status of half-membership.

2. We have accordingly prepared a memorandum for the Prime Minister which supports this conclusion.† It also states our own view, with which I hope you would agree, that as between full membership and exclusion the former is the preferred solution. We have discussed the question with D.L.(1) and European Divisions and they will, I believe, agree with the terms of the memorandum. One point which has been passed over rather lightly in the memorandum, to avoid making the issue more complicated, is the question of possible NATO membership for Cyprus. There are strong arguments for having Cyprus belong to some international association of non-Communist powers, with NATO and the Commonwealth the two most obvious choices. D.L.(1) Division is strongly of the opinion that NATO membership would be undesirable, and is accordingly inclined to favour Commonwealth membership. It is recognized that Commonwealth membership might make NATO membership a little more difficult to resist, but this appears to be outweighed by the disadvantages of the next best choice, which would be to have it belong to neither. It might be noted that the U.K. proposals, excluding Cyprus from Commonwealth consultation on defence and foreign policy, would largely destroy the value of having Cyprus in the Commonwealth club, while leaving most of the disadvantages.

3. The memorandum for the Prime Minister also suggests (and I have no idea whether he would agree to this or not) that the choice between admission to full membership or exclusion might be left to the United Kingdom Government. In making this suggestion I have in mind the fact that if the Prime Minister remains determined to proceed with his opposition to the U.K. proposals, it will be necessary to have full consultation with other Commonwealth members. This consultation is most likely to prove fruitful if Canada can suggest an approach which they would find preferable to the U.K. stand. We know that the initial reaction of Prime Minister Nehru was in favour of full admission, while Prime Minister Nash was inclined to favour complete exclusion. Both might well conclude that they would like to join with Canada in opposing half-membership, if the Canadian position on the alternative were not too rigid.

4. The Prime Minister, incidentally, has given no indication, so far as I know, that he would be interested in considering a so-called "Irish solution" for Cyprus. This was explored in the memorandum which went forward to him on September 25, but I have deliberately left it out of account in this one, and would hope that the question need not be raised. The original U.K. paper argued quite effectively against it, and correspondence we have had with Citizenship and Immigration has made it clear that officials of that Department would be opposed to a special citizenship status for Cypriots if the justification of Commonwealth membership were lacking.

5. The memorandum for the Prime Minister covers a suggested letter to Sir Saville Garner indicating that further consultation would be welcomed, and is covered by a memorandum for the Minister, for your initials if you agree.[148]

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[148] Note marginale :/Marginal note:
I think these papers should be held — We can look at the situation afresh when the UK receives Makarios reactions after the presidential election. N.A. R[obertson] 12.12.59

120. DEA/12833-40

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Acting Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 14, 1959

CYPRUS AND THE COMMONWEALTH

Garner sent this letter to the Prime Minister after meeting him at lunch last week. Apparently the Prime Minister told Garner that he was troubled by the degree to which the United Kingdom authorities were assuming Canadian concurrence in the proposed U.K. solution. The Prime Minister apparently said to Garner that he understood "a decision" had been taken, a comment which Garner took to mean that the Prime Minister believed that there would be no further reference to the Canadian Government on the issue of Cyprus' relationship with the Commonwealth. Garner decided to send the attached letter as a supplement to the oral explanation which he gave the Prime Minister.

I had a chance on December 12 to ask the Prime Minister for his comments on Garner's letter. He made it clear that his misgivings have not been removed, although I believe he may have given Garner the impression that he now had no serious worries on the question of procedure. The Prime Minister said that in using the word "decision," to which Garner had drawn attention, he had been referring to a decision by the United Kingdom Government to proceed with the plan outlined in Garner's letter of September 15. He had not meant to suggest that a collective "decision" had been arrived at.

The Prime Minister did not indicate his view on the substance of the question. I have no reason to think that he is any more content than he was in September about the United Kingdom proposal. On the other hand, he has never specifically said that he regarded that proposal as so inadvisable as to compel an alternative Canadian suggestion. All that he has requested is that an examination be made of the various alternative courses of action, including the United Kingdom proposal.

When I was discussing this matter with the Under-Secretary before his departure for Paris he said that he thought it would be wise to await the expected views of the Cypriot leaders before putting a substantive memorandum before the Prime Minister.

H.B. ROBINSON

[PIÈCE JOINTE/ENCLOSURE]

Le haut-commissaire du Royaume-Uni
au premier ministre

High Commissioner of United Kingdom
to Prime Minister

CONFIDENTIAL Ottawa, December 10, 1959

Dear Prime Minister,

I hope there is no misunderstanding about the future of Cyprus. As I see it, the position is as follows:

(1) I came to see you on the 16th September and left with you a letter containing a summary of the United Kingdom Government proposals. In my letter I said that the United Kingdom Government were most anxious to have any comments you might wish to make.

(2) In your reply of the 3rd October, after making certain comments, you said "I would, therefore, agree that the proposals enclosed with your letter of September 15 might be used as the basis for a cautious exploration of Cyprus' views."

(3) All other Commonwealth Governments raised no objection to the United Kingdom plan being used as a basis for discussion with the Cypriot leaders.

(4) When the Governor of Cyprus was in London in October he was told of the foregoing, but was warned that his discussions must be conditional on further consultation with other Commonwealth Governments in the event of the negotiations proceeding satisfactorily and that certain Commonwealth Governments had agreed to the proposals only with reluctance.

(5) After informal discussions with the leaders of the two communities in Cyprus, Sir Hugh Foot promised to let Archbishop Makarios and Dr. Kutchuk have a written communication. The text of this document, which has already been communicated to the Department of External Affairs, contained the words:

> "Subject to the formal agreement of the other independent Commonwealth Governments whose final assent to such a plan would be necessary ..."
>
> In addition, when forwarding this text to the Governor, the Colonial Secretary emphasised that the plan had so far been accepted by other Commonwealth Governments solely as a basis for discussion with the Cypriots and that, should the latter accept it, a further round of consultation with other Commonwealth Governments would be necessary.

I hope you will agree that the foregoing fully safeguards your own position. There is no question of any "decision" having been reached and of course, as soon as any reply is received from the Cypriot authorities, I know that my Government will wish to let you know. Sir Hugh Foot has been asked to impress on the Cypriot leaders that they should provide him with a firm indication of their views at the latest immediately following the Presidential elections on 14th December. I hope therefore that I may be able to let you have some further information about the Cypriot attitude in the course of the next week. It is possible that the Cypriot leaders may wish to defer their final views until after the Cyprus Parliament has met in February; in that case the formal agreement of other Commonwealth Governments would not be sought until that stage.

Yours sincerely,

J. GARNER

2e PARTIE/PART 2

RÉUNION DU CONSEIL CONSULTATIF ÉCONOMIQUE DU COMMONWEALTH DU 22 AU 24 SEPTEMBRE 1959

MEETING OF COMMONWEALTH ECONOMIC CONSULTATIVE COUNCIL SEPTEMBER 22-24, 1959

121. PCO

Note du ministre des Finances pour le Cabinet

Memorandum from Minister of Finance to Cabinet

CABINET DOCUMENT NO. 280-59 [Ottawa], September 16, 1959

CONFIDENTIAL

EUROPEAN TRADE ARRANGEMENTS
LONDON MEETING OF COMMONWEALTH ECONOMIC CONSULTATIVE COUNCIL

1. The establishment of the Free Trade Area of the Seven is moving forward rapidly ("The Seven" consist of the United Kingdom, Norway, Sweden, Denmark, Switzerland, Austria and Portugal. "The Six," comprising the European Common Market, consist of France, Germany, Italy, Belgium, Netherlands and Luxembourg.) The initiative for this plan has come largely from the United Kingdom and the United Kingdom Government has decided to go ahead, whatever may be the position of other Commonwealth Governments. At present attention is focussed on proposed trade arrangements amongst the Seven; but not the exclusion of possible special arrangements in the future between "the Seven" and "the Six" (the European Common Market) or of general relationships with the Commonwealth and the World trading community.

2. The development of European trade arrangements is one of the subjects on the agenda of the forthcoming meeting of the Commonwealth Finance Ministers in London, commencing September 22. This meeting will provide an opportunity for Canada and other Commonwealth countries to express views. On the assumption that Commonwealth views could influence the shape of the arrangement, but not the basic decision of the United Kingdom to proceed with the Free Trade Area of the Seven, it is proposed that the Canadian delegation should take the following positions:

Canada and the Free Trade Area

3. The arrangements for a Free Trade Area of the Seven will raise difficulties for Commonwealth exports to the United Kingdom and to the other associated countries. Canada's trade interests in the proposed Free Trade Area are directly affected. Developments under this plan will inevitably involve loss of tariff preferences in the U.K. market for important Canadian products and also relatively less favourable treatment in the markets of the other partners. It would be a matter of serious concern if the shape of the Free Trade Area of the Seven were to entail further narrowing of the access for Canadian goods in these markets.

4. With this in mind, Canada should place on record in London her expectations that the Free Trade Area of the Seven will avoid a narrow regional approach and take fully into account the interest of outside countries. To this end Canada should seek appropriate assurances from the United Kingdom. In particular the United Kingdom should be asked to give an undertaking (which should include tariff preferences, the use of quantitative restrictions or any other devices affecting trade) to safeguard Commonwealth interests covering the field of agriculture and the fisheries in its market (except for items such as bacon with respect to which the United Kingdom has already made commitments).

5. In addition, the United Kingdom should be asked to prevent the emergence of "reverse preferences" against Canadian products. This could arise in respect of several of our exports which are at present dutiable in the United Kingdom market (e.g. automobiles and synthetic fibre textiles).

6. Finally, firm assurances should be sought from the United Kingdom that there will be no quota discrimination against Canadian goods in favour of other partners in the E.F.T.A. and that any existing discrimination should be progressively reduced and eliminated entirely within a reasonably short period of time.

Canada, the Free Trade Area and the Common Market

7. The impetus for the creation of the Free Trade Area of the Seven derives from the U.K. belief that this will provide the basis for an accommodation with the Common Market countries in the form of a comprehensive European association. The nature of this broader grouping remains a matter for future negotiations. It will have an important impact on Canada's trade and the trade of other third countries which cannot be predicted at this time.

8. Under these circumstances, Canada should avoid commitments so that the Canadian attitude can be determined from time to time in the light of actual developments in European trading arrangements. At the same time, it should be pointed out to the United Kingdom that the Canadian Government will keep under close and continuous observation developments towards a broader European association; that the development of restrictive arrangements in Europe would raise serious commercial policy issues for Canada; and that Canada would be particularly concerned should any arrangements be made which might affect our agriculture and fisheries interests in the United Kingdom market.

Canada and World Trade

9. As a result of improvement in the trading position of the United Kingdom and European countries, increases in their reserves of gold and dollars, and the convertibility of their currencies, the opportunity now exists for a fresh attack, in the GATT and the International Monetary Fund, on trade restrictions and discrimination.

10. The United States have informed us that they will be launching a frontal drive against trade discrimination through existing world institutions and also on a direct country-to-country basis. The United Kingdom, as one of the world's major trading nations, should be urged to play a full part in the pursuit of these multilateral objectives irrespective of its present preoccupation with regional arrangements in Europe.[149]

D.M. FLEMING

[149] Approuvé par le Cabinet le 17 septembre 1959./Approved by Cabinet on September 17, 1959.

122. DF/8264-03/59

Extrait du procès-verbal de la réunion
de la première Session
du Conseil consultatif économique du Commonwealth

Extract from Minutes of Meeting of the First Session
of the Commonwealth Economic Consultative Council

SECRET [London], September 22, [1959]

. . .

1. Opening of the Meeting

The Meeting opened with a proposal by Mr. Fleming that Mr. Heathcoat Amory should be invited to take the Chair. This proposal was seconded by Mr. Desai, and received the general support of Delegations.

Mr. Heathcoat Amory welcomed the Delegations to the Meeting and expressed his appreciation at having been invited to take the Chair. This was the first meeting at Ministerial level of the Commonwealth Economic Consultative Council. While Commonwealth Finance Ministers had met on many occasions in the past at this time of the year, these meetings had not been placed on a regular footing, as was now to be the case. In due course, these meetings would be held at Marlborough House, which Her Majesty The Queen had been graciously pleased to make available for this and other Commonwealth purposes. He was confident that the informal atmosphere which had been a feature of the Montreal Conference, at which Mr. Fleming had been in the Chair, and which had made an important contribution to the value of discussion there, would be maintained. Since that time much progress had been made in following up the conclusions reached there but, as would always be the case, many problems remained. On this occasion, he would have liked to have had the opportunity of lengthier discussions and greater individual conversations with his Commonwealth colleagues than, owing to United Kingdom domestic considerations, would now be possible; the same considerations would prevent his attending the meeting of the Executive Directors of the International Bank and the International Monetary Fund in Washington.

. . .

4. Proposal for an International Development Association I.D.A.

Mr. Heathcoat Amory said that the proposal for a new affiliate of the International Bank, to be called the International Development Association (I.D.A.) was dealt with in Part II of a Report prepared in July by the Commonwealth Development Advisory Group (C.E. (59) 4). A note on local currencies arising from United States aid operations (C.E.(59) 6) had also been circulated as background information. He wished to acknowledge the very useful contributions to that note from the Governments of Ceylon, India and Pakistan. A resolution on the proposed I.D.A. would be before the Annual Meeting of the International Bank in the following week.

The United Kingdom had already undertaken to join in working out plans for setting up an I.D.A. with an initial capital of $1,000 millions. If satisfactory arrangements were agreed and came to fruition the United Kingdom would subscribe to that capital the same proportion as in the International Bank — i.e. about 14 per cent or roughly $140 millions. The United Kingdom Governor at the Annual Meeting of the Bank would therefore support the United States resolution, though subject to certain qualifications. This proposal for mobilising additional international funds for the development of the less-developed countries seemed at present to have a better chance of coming to fruition than any other and the fact that the United States were prepared to contribute to it was, of course, a salient point. If others were willing to contribute

also, the I.D.A. could come into being fairly rapidly; but by voting for the resolution no country would be committed to ultimate acceptance of the Articles of Agreement. Detailed negotiation on the proposals would take place during the formulation of the Articles of Agreement by the Executive Directors.

The particular points on which the United Kingdom wished to suggest modification of the proposal as it now stood were:

(1) It was essential that dependent territories of member countries should have access to the I.D.A.'s resources.

(2) The subscriptions of industrialised countries should be convertible, untied and additional to existing aid. The United States contemplated that they would refrain from tying so long as the other industrialised countries did the same and the United Kingdom Government hoped that other countries in this category — which the International Bank regarded as including, within the Commonwealth, Canada, Australia and South Africa — would join the United Kingdom in that arrangement. As regards the subscriptions of the less-developed countries, further examination was necessary so that the arrangements would not be unduly onerous. A possible solution, on which the views of the countries concerned would be welcome, might be for their subscriptions also to be convertible; all but a small percentage to remain uncalled, however, until they had reached a stage of development which enabled them to meet a call.

(3) The I.D.A.'s Articles should provide for the maximum flexibility in the terms of their loans. It was, of course, an important part of the concept that the I.D.A. should provide development finance on less stringent terms than was possible for the International Bank. At the same time the United Kingdom Government were concerned that the basis of sound international lending should not be undermined. For that reason they did not favour the idea of concessionary rates of interest: they would prefer long-term loans and loans with long grace-periods before repayment started. In addition, the Articles should not rule out the possibility of I.D.A. investment of an equity character in suitable cases.

(4) The question of local currencies could arise in a number of connections. The United Kingdom Government thought that local currencies, from whatever source they originated, would not be of much use for the I.D.A. and might well prove to be a positive embarrassment. Their existence could well result in distortions of normal trade and might in the end give rise to misunderstandings between the I.D.A. and its members. The usefulness of local currencies therefore required a great deal of further consideration: at the least it would be incumbent on those who argued their value to the I.D.A. to prove their case.

. . .

123. DF/8264-03/59

Extrait du procès-verbal de la réunion
de la deuxième Session
du Conseil consultatif économique du Commonwealth

Extract from Minutes of Meeting of the Second Session
of the Commonwealth Economic Consultative Council

SECRET London, September 22, [1959]

. . .

1. Proposal for an International Development Association
(Previous Reference: C.E.(59) 1st Meeting, Item 4)

. . .

Mr. Fleming said that Canada approached the proposal with mixed feelings: her reaction was sympathetic but cautious and this preliminary discussion would be of great value to those who would be taking part in the International Bank Meeting in Washington the following week. That meeting was, however, unlikely to be able to achieve more than general agreement in principle to the I.D.A. proposal, which would then probably be referred to the Executive Directors of the Bank for intensive study both of the proposals themselves and of the modifications which had been suggested. From that examination a concrete scheme might emerge for consideration and decision by Governments, who could not at the present stage commit themselves to whatever was the final outcome: a vote in favour of the present proposal at Washington would not bind any country to accept the final Articles of Agreement. This procedure might prove more convenient than the establishment of a special group designed to formulate a united Commonwealth approach to the proposal.

On the substance of the proposal Mr. Fleming agreed with the altruistic approach, although the capital-producing countries also had their problems. He welcomed this new initiative of the United States Government, more especially since the contributions would be placed at the disposal of an international organisation affiliated to the International Bank, than which no other international institution had a better record. All countries held its President, Mr. Eugene Black, in high esteem and the fact that the I.D.A. was to be affiliated to the Bank was a guarantee of sound management and effective leadership.

Canada recognised the need for assistance to the under-developed countries on terms less stringent than those necessarily applied by the Bank itself. On the other hand, every country must look carefully at any proposal that made further demands on its economy and Canada herself, whose wealth lay on and in her soil, required substantial quantities of capital to realise that wealth and was indeed the largest importer of capital in the world. This was likely to continue for a long time.

What was to be the primary purpose of the new financial institution? Was it to channel loans on a commercial basis or to provide aid without the necessity of repayment in convertible currencies? Canada had hitherto favoured the former system and had been a strong supporter of the Colombo Plan, which had been conceived in a statesmanlike manner, had worked admirably and had been instrumental in promoting closer relations within the Commonwealth. But contributing countries must not assume commitments greater than they could afford and they could not afford an institution which became overburdened with complications or whose operations distorted normal trade. Canada could not, for example, countenance any arrangement which would increase the disposal by the United States of surplus agricultural products at low prices. If, moreover, there were any question of loans repayable in "soft" currencies, it might well be preferable to make straightforward grants.

Canada would be happy to examine these and other questions in concert with others and attempt to work out a draft agreement; when such an agreement were completed it would have to be considered on its merits by all the Governments concerned.

Meanwhile it would be necessary to be cautious about statements to the Press. The present proposal was distinguishable from the previous year's proposal for enlarging the capital of the International Bank and the Fund, which had been warmly accepted at Montreal, and any over-enthusiastic statement on the I.D.A. proposal might have only a hampering effect on its final working out. In addition, it was important to avoid giving any impression that the Commonwealth were forming a solid front in advance of the Washington discussions.

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Mr. Heathcoat Amory, summing up, associated himself with the view that the approach to the I.D.A. proposals should be at the same time altruistic and realistic. It was clear that for some while the demand for capital would be greatly ahead of its supply, especially in view of rapid technological advances and it would be a mistake if the encouragement of artificial rates of interest gave the impression that the supply of capital depended on goodwill alone. The discussion showed a remarkable degree of agreement not only on the principle of the proposed I.D.A. but also on the points which would require further consideration. These would include the special problems of the under-developed countries, and the dependent territories; the conception of I.D.A. assistance as being available for general development purposes and additional to existing forms of assistance; the treatment of local currencies; and the most appropriate voting system.

It had been suggested that the initial capital of $1,000 millions would be inadequate but there might be some advantage in beginning with a manageable figure and then building on success like the International Bank itself.

As regards the need for further discussion between members of the Commonwealth on details of the proposal, Governments would be in a position to influence the study which was likely to be undertaken by the Executive Directors of the Bank and it would be possible to arrange meetings of Commonwealth representatives at Washington or elsewhere to study and agree on particular points of difficulty.

124. DF/8264-03/59

Extrait du procès-verbal de la réunion
de la troisième Session
du Conseil consultatif économique du Commonwealth

Extract from Minutes of Meeting of the Third Session
of the Commonwealth Economic Consultative Council

SECRET London, September 23, 1959

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1. *European Trade Arrangements*

Mr. Heathcoat Amory said that, as a basis for discussion of this item, the Council had before them a valuable Report of the Sub-Committee of the Commonwealth Liaison Committee on European Trade Relations. This had been prepared in pursuance of the decision at the meeting of Commonwealth senior economic officials in May, that the Sub-Committee should be constituted in order to consider, in the light of the establishment of the European Economic Community (E.E.C.), the technical and economic problems in securing access for

Commonwealth countries to European markets. The Report set these problems in perspective, and would be of great assistance to the Council in its discussions.

There had recently been substantial progress towards the establishment of a European Free Trade Association (E.F.T.A.) of seven countries who were not members of the six-nation European Economic Community (E.E.C.). At a meeting at Stockholm in July Ministers of the Seven had decided to go forward with the plans for the E.F.T.A. and had instructed officials to draft a Convention. This was now being done, and it was the hope that a Convention could be signed by the end of October and ratified by the end of the year. The first tariff reductions and quota enlargements would then be made on 1st July, 1960. In the United Kingdom's view the E.F.T.A. would be able to stand on its own feet and would increase the level of trade not only between member countries but also, indirectly with other countries including members of the Commonwealth. It offered the best, and possibly the only practical, way of achieving the ultimate aim of a wider free trade association embracing all the seventeen member countries of the Organisation for European Economic Co-operation (O.E.E.C.), including the six members of the E.E.C. If this wider association could be achieved it would help to secure the chief economic objective of all Commonwealth countries — the widest measure of multilateral trade throughout the world.

Throughout its approach to these negotiations the United Kingdom had had firmly in mind the need not to take any action which would impair the integrity and prestige of the General Agreement on Trade and Tariffs (G.A.T.T.) and to protect the interests of the Commonwealth. The United Kingdom intended to keep other Commonwealth Governments fully and continuously informed of the progress of negotiations and would be glad to arrange for meetings of senior officials to take stock of the situation at any time that other Commonwealth countries wished or whatever other form of consultation the point in question and the time available suggested. The United Kingdom would continue also to press, in concert with other Commonwealth countries, for mitigation of the adverse effects on its Colonial territories of the association of overseas territories with the E.E.C.

Account must be taken not only of the technical and economic problems with which the Sub-Committee's Report dealt, but also of the political factors in the situation. The United Kingdom was primarily concerned to secure the widest measure of European co-operation in the economic field, and to prevent the division of Europe, both economically and politically, which was a danger resulting from the emergence of the E.E.C. and its subsequent development.

Mr. Maudling recalled that at Montreal he had given an account of the state of the negotiations at that time on the proposal to set up a Free Trade Area comprising all seventeen member nations of O.E.E.C. Within two months those negotiations had come to an abrupt end, primarily because of the unwillingness of the French Government to see them succeed. Though certain members of the Six had not been unfavourably disposed towards the idea of a seventeen-nation Free Trade Area, the Treaty of Rome bound all six in a common approach to European economic problems and the objections of the French had been able to prevail. France's motives had been partly protectionist, partly political, and the change of Government in France had served only to harden her attitude.

This — not the problem posed by the existence of the Commonwealth — had been the decisive factor in the breakdown of the negotiations. The question of Commonwealth preferences had been raised only towards the end of the negotiations and in a tentative manner, and the French had made it clear that they were interested not so much in securing a general reduction of Commonwealth preferences as in securing comparable advantages for themselves and their own overseas territories, in exchange for which they had been unwilling to make any concessions. The system of Commonwealth preferences had presented two problems, in the

treatment of agricultural and of industrial imports to the United Kingdom. The first might have been solved in negotiation but on the second the United Kingdom had had to insist on a system of certificates of origin which had been unacceptable to some European countries. This issue had been a factor, though not the main one, in the breakdown of negotiations and was bound to present continued difficulty in any future negotiations.

The breakdown had faced the United Kingdom Government with a serious problem, both economic and political. The only satisfactory solution for European economic problems was a wider Free Trade Area covering all O.E.E.C. nations; but had been manifestly impossible for the United Kingdom to join the Treaty of Rome, which would have meant severing economic ties with the Commonwealth, and, on the other hand, to do nothing would have enabled the Six to consolidate their position, to attract other European countries to join them and to become even more protectionist. This would have brought into being a network of new bilateral trading agreements which would have undermined both the O.E.E.C. and G.A.T.T.

The possibility remained of a free trade association of countries outside the E.E.C. and the Swedish Government had taken the initiative in proposing discussions on this. The two purposes of such an association would be to implement among its members the policies for common trading arrangements which had been evolved before the negotiations for a wider Free Trade Area broke down, and to provide a stronger and a more stable basis for future negotiations with the Six towards the ultimate objective of a wider European association. Ministers of the Stockholm Group had therefore agreed in July that a convention should be prepared. In the course of discussions, agricultural products had caused difficulty and Denmark in particular had been unable to accept the free entry of industrial products of other members without some special measures in return to promote the agricultural exports on which she was heavily dependent.

The United Kingdom was the principal importer of Danish agricultural produce in the Stockholm Group and in discussions with Denmark had been concerned to secure that any agricultural agreement which might emerge should not be multilateral throughout the Seven, should be consonant with the G.A.T.T., and should not harm Commonwealth interests. In the result, these objectives had been largely achieved: the agreement with Denmark had been restricted to agricultural products in which the interest of Commonwealth countries was relatively small. The Danes had pressed hard to have it extended to butter, eggs and cheese (other than blue-veined cheese), but the United Kingdom had refused this in view of the far larger Commonwealth interest in these commodities.

The other item of concern to the Commonwealth was the preference enjoyed by Commonwealth countries in the field of industrial products and raw materials. It had always been known that an unavoidable consequence of any European free trade arrangements was that the Commonwealth would cease to enjoy preferences in the United Kingdom market, and might even be affected by reverse preferences. The United Kingdom would have to re-negotiate certain preferences with Commonwealth countries and to approach them about this without delay.

The attitude of the Six to the E.F.T.A. had not been hostile, as had at one time been feared, and certain countries among them recognised the need for wider European trading arrangements. The United Kingdom intended to press ahead with the plans for the E.F.T.A., and then to consider the building of a bridge to a wider European association in negotiations between the E.F.T.A. and the E.E.C. The ultimate aim was to keep alive the idea of European economic co-operation, and the E.F.T.A. appeared to offer the only path towards this objective and the only means of securing the advantages for the Commonwealth which would flow from it. Care would be taken to keep the Commonwealth fully informed at every stage of the negotiations.

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Mr. Churchill began by expressing the Canadian Government's pleasure at the decision of the United Kingdom to join the International Wheat Agreement.

Turning to the question of European trade arrangements, he said that Commonwealth Governments had been preoccupied for some time with the problems of economic regionalism in Europe. What was happening in Europe would in varying degrees directly affect the trade of Commonwealth countries and would undoubtedly have important repercussions on international trade relationships. Canada wished to see a strong Western Europe and recognised that political strength could not be achieved without economic strength. Nevertheless the changing European scene posed a number of problems.

Canada's interest in European trade was substantial. At the present time 30 per cent of her overseas trade was with Europe, and of this one-third was with the Common Market countries and two-thirds with the Outer Seven. Canada also offered considerable opportunities to the Commonwealth and other countries for an expansion of their exports: for example, in the first seven months of 1959 United Kingdom exports to Canada had risen by 7 per cent and those of other Commonwealth countries by 13 per cent. Apart from Canada's large and direct stake in Europe as a market for her exports, she was concerned that regional economic developments in Europe should not endanger the attainment of common goals in the field of trade and payments. Recent improvements in world economic and financial conditions and the convertibility of the world's main trading currencies created circumstances conducive to the attainment of multilateral trading objectives — objectives which Commonwealth countries had collectively reaffirmed, most recently at Montreal a year ago, and which in the broadest sense had political as well as economic importance. In Canada's view it was essential that regional European arrangements should not frustrate progress towards the expansion of international trade freed from the burden of restrictions and discrimination.

The establishment of the European Common Market was now an accomplished fact. Canada, while sympathetic towards its broad political and economic objectives, was concerned about its restrictive features — the level of the common tariff, possible discriminatory use of quotas, agricultural arrangements tending toward self-sufficiency, and the provisions for the association of overseas territories. Through international institutions in concert with other Commonwealth and outside countries, and in direct representations to members of the Community, Canada had sought to influence the Common Market to adopt policies which would lead to the expansion rather than merely to the rechannelling of trade. While the results might not so far have been very satisfactory, Canada considered that those efforts should be continued and that there should be no weakening of the common purpose which Commonwealth and outside countries had so far demonstrated. The report noted that "all Commonwealth countries were agreed that whatever else might require to be done, it was essential to continue to use the G.A.T.T. and other international institutions in endeavouring to secure a satisfactory settlement of the problems of adequate access to European markets." It was essential that the United States, the United Kingdom and other main trading countries should play a full part in this work. The United States was taking an important initiative to secure the elimination of discrimination and unjustified restrictions in Europe and elsewhere. They had called for a new round of G.A.T.T. tariff negotiations in order, amongst other things, to secure a reduction in the Common Market tariff. The time was ripe for a fresh effort to deal through the G.A.T.T. with many of the problems arising from the E.E.C.

Delegates had heard why the United Kingdom, following on the failure of the European Free Trade Area negotiations, had felt it necessary to join in negotiations for a European Free Trade Association of the Seven. While appreciating the reasons which had led the United Kingdom to take this step, and understanding the hope that the establishment of this association would lead to a wider European free trade area which would make arrangements among the Six

less protective and restrictive, it was however necessary for him, to underline a number of the difficulties which these prospective developments might hold for Canada. At the Montreal Conference Canada and other Commonwealth countries had supported the United Kingdom initiative for a European Free Trade Area, provided that Commonwealth agricultural interests in the United Kingdom market were fully safeguarded and that the Area would be "outward-looking" and would contribute to the common objective of an enlarging world economy. A new situation had, however, now arisen. The proposed Association of the Seven would directly affect Canada's trade. There would be an inevitable loss of tariff preferences in the United Kingdom market for important Canadian products and also relatively less favourable treatment in the markets of the other members. It would be a matter of concern if the shape of the E.F.T.A. were to narrow further the access of Canadian goods to these markets. The United Kingdom and her partners in the Seven should therefore avoid a narrow regional approach and should take fully into account the interests of outside countries. Canada would welcome a general assurance from the United Kingdom in this regard, and in particular sought an undertaking that there would be no further erosion of the Commonwealth position in the field of agriculture and fisheries in the United Kingdom market. Canada would also welcome an assurance that, whether in respect of tariff preference or the use of quantitative restrictions and other devices affecting trade, the United Kingdom would safeguard Commonwealth interests and not go beyond the concessions already promised to Denmark in respect of bacon and other products. In addition Canada asked that the United Kingdom prevent the emergence of "reverse preferences" against Canadian products, which could arise in respect, for example, of automobiles and synthetic fibre textiles. These were at present dutiable in the United Kingdom but, when imported from members of the Seven, would eventually enjoy free entry. Finally, Canada would like to receive an assurance that there would be no quota discrimination against Canadian goods in favour of the United Kingdom's partners in the E.F.T.A., and that any existing quota discrimination would be eliminated entirely within a reasonably short period of time.

In due course the E.F.T.A. would be examined in the G.A.T.T. Canada hoped that the terms of the Convention would be such that many of the difficulties to which the Treaty of Rome had given rise would be avoided. The declared aim of the United Kingdom and its partners in E.F.T.A. was, through negotiations with the Six, to secure a wider European free trade area; this however lay in the future and the result of these negotiations on the form of an eventual association could not be predicted. It was known, however, that such a development would have an important impact on the trade of Canada and of other countries. In these circumstances the Canadian Government could make no commitments; their attitude must be reserved for determination from time to time in the light of actual developments in European trading arrangements. Canada would be keeping developments towards a broader European association under close and continuous observation; the growth of arrangements in Europe which avoided discrimination between European countries but were restrictive and failed to take adequate account of the legitimate interests of outside countries would raise serious commercial policy issues for Canada.

The Australian and New Zealand proposals to negotiate with European countries for improved access to their markets were of great interest and Mr. Churchill understood and sympathised with the concern which had given rise to these initiatives. Like Australia and New Zealand, Canada was an important seller of agricultural products and knew only too well how restrictive and protectionist policies in European countries could narrow the outlets for agricultural exports. In principle, and as agreed at Montreal, Canada wished to co-operate with the agricultural and raw material producers of the Commonwealth in dealing with the problems of protectionism in world markets; she was working with other countries to develop

the consultations on national agricultural policies in the G.A.T.T. and hoped that in time something useful and effective would result. While prepared to co-operate in the most effective way possible, Canada was not persuaded that the proposed concerted Commonwealth approach to European countries, with the offer to negotiate reductions in tariffs and preferences against the lowering of tariff and other forms of protection, was the appropriate answer. The Canadian Government shared some of the doubts and reservations about this course brought out in the Report, and in particular felt that the formal collective offer suggested would have important implications for the future of the Commonwealth preferential system as a whole. Also, there was the question whether an offer to negotiate tariff concessions against protective non-tariff devices would not increase rather than reduce the attachment of European countries to such devices. Any such dangers would seem to be enhanced in a collective Commonwealth approach separate from general multilateral tariff negotiations. The approach advocated by Australia and New Zealand might stimulate the European countries to demand undue concessions and, moreover a separate Commonwealth initiative might weaken the effectiveness of collective pressure through the G.A.T.T. It was doubtful whether the Australian and New Zealand proposals took fully into account the limitations on the potential bargaining position of Commonwealth countries and on the scope for concessions.

The Canadian position in any future round of trade negotiations would have to take account of the strong feeling that tariff reductions had gone rather far in recent years, having regard to the need to give reasonable protection to domestic producers and domestic industry. His Government did not now have the room for manoeuvre available in earlier rounds of negotiations. As for preferences on the types of goods of interest to Europe, mainly manufactures, the scope for reductions had been greatly reduced by the various G.A.T.T. negotiations. Canada had been negotiating reductions in tariff preferences since 1947, and while there might still be room for some adjustments, the process had already gone a long way in view of her desire to maintain both a special place for Commonwealth imports and a reasonable level of protection for her own industry. It was also worth noting that the reduction in Canadian preferences had, for the greater part, been used to secure tariff concessions from the United States. Any important concession Canada might be able to offer to Europe would undoubtedly redound mainly to the benefit of the United States and it followed that Canada could not afford to negotiate with Europe without the participation of the United States.

The New Zealand proposal to negotiate tariffs against quotas also raised special problems for Canada which, as a dollar country, had faced very substantial quota discrimination against her exports throughout the post-war period. Multilateral tariff concessions had been negotiated but Canada had not received the full benefits of these because restrictions had been maintained against her. She would not be prepared to pay again for the access to Europe which was her right under existing international obligations. While understanding the position of Australia and New Zealand, the Canadian Government felt that the chances of dealing with problems of European regionalism would be better if Commonwealth countries stood firm with other outside countries in the G.A.T.T. and elsewhere. Commonwealth support might be easier to mobilise if any negotiations concerning tariffs and other trade barriers with Europe took place within the framework of international rules and in the context of general negotiations in which non-Commonwealth countries, and particularly the United States, would participate. At the forthcoming meeting of the G.A.T.T. in Tokyo, consideration would be given to the rules for the next round of tariff negotiations, including the proposals put forward by Australia in Geneva. Canada would be considering this matter carefully. The rules would no doubt provide room for the negotiation of tariff reductions against at least some of the non-tariff devices of concern to Australia and New Zealand, and the Canadian Government would prefer to see any such negotiations take place within the general framework, so minimising the

risks which the present proposals for a collective and concerted Commonwealth approach to European countries seemed to involve.

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125. DF/8264-03/59

Extrait du procès-verbal de la réunion
de la quatrième Session
du Conseil consultatif économique du Commonwealth

Extract from Minutes of Meeting of the Fourth Session
of the Commonwealth Economic Consultative Council

SECRET London, September 23, 1959

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1. *European Trade Arrangements*

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Mr. Bradshaw said that events had already shown that the inward-looking attitude of the E.E.C. could cause particular damage to some Commonwealth countries who led an economically marginal existence because of their dependence on agricultural products. The West Indies hoped that similarly adverse effects would not result from the creation of the E.F.T.A. The Report mentioned the special preferences accorded by the West Indies to Canadian goods on the basis of a percentage of the most favoured nation rate and correctly stated that any major tariff changes in the West Indies should await settlement of the problems arising out of the decision to create a common external tariff in place of the existing ten separate Island tariffs. But all Governments in the West Indies, both Federal and Territorial, regarded retention of the Canadian preferences as necessary to maintain the close trading relationships which had existed for so long: they would not wish to see them reduced or eliminated in the course of bargaining with the E.E.C. and indeed they were looking for an even closer trading relationship with Canada, as contemplated at Montreal.

Sir David Eccles said that the United Kingdom Government could not fail to be impressed by the concern expressed by other Commonwealth Governments about the course of developments in Europe. It had always been recognised that the formation of the E.E.C. would create difficult and dangerous problems for certain Commonwealth countries but there appeared to be unanimous agreement with the United Kingdom's assessment of the political situation and the view that the division of Europe, economically or politically, would not be conducive either to peace or to the economic health of the Free World. It also appeared generally agreed that the dangers to the Commonwealth of regional trade groupings in Europe would be less if the United Kingdom were to join them and exert from within a liberal influence at the formative stage of their policies. It was therefore in the interests of the Commonwealth that the United Kingdom should proceed with its plans to join the E.F.T.A., with the ultimate object of achieving a wider grouping of all O.E.E.C. countries.

Australia and New Zealand had proposed that there should be a concerted Commonwealth approach in future European negotiations. The United Kingdom doubted, however, whether this would secure the best interests of the Commonwealth. In the first place, no Commonwealth countries wished to abandon their tariffs and enter a Free Trade Association. They could only, therefore, seek to bargain with the non-contractual margins of their preferences but these afforded very little scope. Concessions would have no effect in the G.A.T.T. as a whole and could not be offered to the Six alone without a breach of the G.A.T.T. Moreover, not all

Commonwealth countries would in fact be able to offer any concessions of this kind, so that concessions, if made, could result only in a pattern of bilateral agreements between individual Commonwealth countries and the Six which would be contrary to the basic interest of the Commonwealth to secure the widest possible degree of multilateral trade. In any event there would be a serious political risk in offering concessions to the E.E.C. which the French, by complaining of their inadequacy, could use to frustrate the negotiations altogether. France would be likely to press for an erosion of the preferential system right across the Commonwealth, which the United Kingdom could never accept, and the resultant impasse could well mean the end of any hope of securing an eventual accommodation between the E.F.T.A. and the E.E.C.

Other means should therefore be sought of protecting Commonwealth interests in the European markets. The basic difficulty arose from agricultural protectionism in Europe and the closure of European markets to Commonwealth agricultural products. Progress on this issue in the G.A.T.T. had admittedly been disappointing, but there seemed little doubt that this had been due largely to the lack of United States support: because of the political benefits resulting from the establishment of the E.E.C., the United States Government had naturally been reluctant to criticise the details of the E.E.C. trading arrangements. In any case the member countries of the E.E.C. would contemplate leaving the G.A.T.T. if faced there with a demand to abandon their present practices. The only hope of discouraging agricultural protectionism lay in a concerted move by the Commonwealth, the United States and other countries within the G.A.T.T. to work out entirely new principles of trading in primary products and to establish a more equitable system of trade between importing and exporting countries throughout the world. The present imbalance between the primary producers and the industrial countries was the fundamental problem; but there was no prospect of a solution without the support of the United States, which there was reason to hope would be forthcoming. In the view of the United Kingdom Government, therefore, the most fruitful course in the coming months would be to work actively for such an approach through the G.A.T.T.

Meanwhile the New Zealand Government had suggested that there should be a further meeting of senior officials to review the situation, and that Commonwealth countries should be kept continuously informed of developments in the European negotiations. The United Kingdom entirely agreed. Canada had asked for assurances about the United Kingdom attitude towards liberalisation: though this had been long delayed, the economic position of the United Kingdom was continuing to improve and there was a real hope that some further measure of liberalisation could be looked for in the near future.

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Summing up the discussion, *Mr. Heathcoat Amory* said that he had been much impressed by the contributions made by Commonwealth Ministers on this subject. There had been very much more agreement than disagreement — first on the need to do everything possible to prevent the economic and hence the political division of Europe. There was clearly a real anxiety lest the tendency of the E.E.C. to increase discrimination and trade barriers should spread to the E.F.T.A. and ultimately to any wider association that might be formed. He would therefore emphasise once more that it was the United Kingdom's intention to ensure that the E.F.T.A. become, both in design and in effect, an instrument for the expansion of opportunities for multilateral trade. Every Delegation had pressed the importance of safeguarding Commonwealth interests, including those of the dependent territories, in the coming negotiations. How could this best be achieved? The advantages and disadvantages of the Australian and New Zealand proposal for collective negotiation by the Commonwealth had been fully discussed: there remained a clear difference of opinion which he doubted whether any further discussion could eliminate at this stage.

But there was complete agreement on the importance of continuing efforts in the G.A.T.T. to secure that its provisions were made more effective in respect of trade in agricultural products and there was much important work to be done in this field. The United Kingdom fully accepted the agreed view of the Council that effective methods must be adopted to keep the Commonwealth informed of each development in the context of European trade negotiations as soon as it became apparent, so that Commonwealth countries might be alerted and have the opportunity to make representations and to discuss them as necessary. Making full use of the existing machinery for this purpose, the United Kingdom would report to meetings of the Commonwealth Liaison Committee as frequently as was required and would be glad to arrange a further meeting of senior Commonwealth officials early in 1960 or even earlier. And there should as often as necessary be discussions at Ministerial level, which were always welcome to United Kingdom Ministers. At this stage it would probably be preferable not to make more definite or rigid plans for Commonwealth exchanges; the essential point was for the Commonwealth to be informed of each development as it appeared over the horizon.

While no agreement had been reached on collective participation by the Commonwealth in future European negotiations, United Kingdom Ministers would place great weight upon the views expressed at the present meeting and hoped that in any public statement Delegates would make clear the extent to which agreement had been reached on the steps to be taken to fulfil the main aim of safeguarding Commonwealth interests.

Mr. Fleming said that while differences of view between Commonwealth Governments remained, the discussion had impressed upon all Delegations the importance of the question involved and the difficulties involved. He agreed that everything that could be accomplished at the present stage had been accomplished and welcomed the clear statement of the United Kingdom's readiness to keep the Commonwealth fully informed of developments and to discuss them with Commonwealth Governments through the most appropriate medium, including a meeting of Commonwealth officials early in 1960. The Commonwealth Liaison Committee had already done invaluable work and would no doubt continue to do so.

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5. *Conclusion*

Mr. Fleming said that this first meeting of the Commonwealth Economic Consultative Council at Ministerial level had proved most interesting and important. He felt the warmest gratitude for the hospitality which Commonwealth countries had received and thanked the Chairman for all he had done to make the meeting effective. It was noteworthy that those present had been able to discuss subjects of the highest importance with complete frankness and the Canadian Delegation had received great assistance from the exchange of views and information. These meetings might be regarded as the world in miniature and the distance of the various countries taking part only increased their value. One of the happiest and most constructive aspects was the opportunity given for personal contacts and the renewal of personal friendships. There had been eloquent manifestations of the sense of common interest, mutual help and mutual forebearance in difficulties among all Commonwealth countries and of the goodwill which sprang from their family spirit. The Commonwealth was not a static institution; he was happy to see countries present who were moving towards self-government and he looked forward to the day when they would achieve it. The U.K. was showing its greatness in assisting the peoples of the emerging countries to move toward self-government.

Mr. Heathcoat Amory thanked Mr. Fleming on behalf of himself and his United Kingdom colleagues for the generous and eloquent terms in which he had spoken. He had himself greatly valued the privilege of presiding and felt that in its tone, its atmosphere and its businesslike application to the problems before it the meeting had provided a fine augury for the future of the Commonwealth Economic Consultative Council.

3e PARTIE/PART 3

CONFÉRENCE SUR L'ÉDUCATION DU COMMONWEALTH, OXFORD, 15-28 JUILLET 1959
COMMONWEALTH EDUCATION CONFERENCE, OXFORD, JULY 15-28, 1959

126. DEA/14020-C-14-2-40

Extrait d'une note du haut-commissaire au Royaume-Uni

Extract from Memorandum by High Commissioner in United Kingdom

CONFIDENTIAL [London], October 6, 1959

COMMONWEALTH EDUCATION CONFERENCE
ASSESSMENT BY THE CHAIRMAN OF THE CANADIAN DELEGATION

The Commonwealth Education Conference was held at Christ Church, Oxford, from July 15 to 28, 1959. It was attended by delegations from all the Commonwealth Members and by a delegation representing the U.K. dependent territories. The Canadian Delegation included twelve members of the university community, a representative of the teaching profession and six federal officials. (A full list of names appears in Annex A.)† The Chairman of the Conference was Sir Philip Morris, Vice-Chancellor of Bristol University.

2. The Conference, the first of its kind ever to be held, was convened by the U.K. Government in accordance with the decision of Commonwealth Ministers at the Trade and Economic Conference held at Montreal in September 1958. It had as its objectives:

(a) to work out arrangements for the scheme of Commonwealth Scholarships and Fellowships, the proposal for which had been made by the Canadian Delegation at the Montreal Conference;

(b) to review the existing arrangements for cooperation among the countries of the Commonwealth in education generally and to recommend how these could be improved or expanded particularly in regard to the supply and training of teachers.

3. The Conference also set out certain fundamental considerations on the wider significance of education, in the context of which its deliberations were conducted. These wider considerations, which appear in the preamble to the Report, may be summed up as follows:

The Commonwealth is a new experiment in human relationships. The end of all our endeavour is the good life — materially and spiritually — and the happiness of the 660 million individuals who are the citizens of the Commonwealth. The good life and happiness can be attained only through education in the deeper and wider sense. Education is thus fundamental to the strength and stability of the Commonwealth and to the social justice and human dignity which must be its inspiration. The free association in the Commonwealth affords a special opportunity for the pooling of resources. There is thus an obligation on those with more highly developed educational facilities to help their fellow members. There are no frontiers to human knowledge; and, particularly within the Commonwealth, there are great opportunities for better understanding and closer friendship.

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5. During the Conference agreement was reached between India and Canada, and announced simultaneously in New Delhi and Ottawa, whereby up to $10 million of counterpart funds generated under the Colombo Plan would be applied for the development in India of higher technological institutions and polytechnic schools. While this arrangement was made outside the Conference, there is no doubt that the announcement of this agreement at the Conference focussed attention on the possibilities and advantages of bilateral agreements between members of the Commonwealth in the education field. This was in line with what we were trying to achieve at the Conference and it opened up new prospects for the more varied use of counterpart funds.

Instructions to the Canadian Delegation

6. The chief points in the instructions to the Canadian Delegation as approved by the Cabinet on July 3, were as follows:

(1) The Delegation should direct its efforts toward the formulation of a genuinely reciprocal programme providing for an exchange of scholars of high intellectual competence who would be able to make a distinguished contribution in their own countries and thus to enhance the Commonwealth association as such.

(2) The Delegation should participate in a review of existing arrangements for Commonwealth cooperation in the field of education, it being understood that the bulk of Canadian assistance in these fields was likely to come under our existing technical assistance programmes which now encompass all the less developed areas of the Commonwealth.

(3) The only target to which the Canadian Government was committed was that of the Commonwealth Scholarship Scheme covering one thousand scholars at any one time.

(4) While we recognized the need for a greater measure of assistance in the teaching field, we did not propose to meet these needs by setting up special programmes. As a result of the decisions already announced at Montreal, our existing technical assistance programmes had been substantially expanded and cover all the less developed areas of the Commonwealth, and the supply and training of teachers and scientific and technical education fell within their scope.

7. In practice it was found that these instructions, while providing a broad framework within which the Delegation could operate, did not cover all the points which were raised. This was especially true in the Committees on Teacher Training and Technical Education. The Canadian Government and the Canadian university community were embarking together in a previously untried field, and much of the information required and the problems to be solved arose out of deliberations of the Conference itself, in which all Delegations were feeling their way. Since this was the first Commonwealth Education Conference ever to have been held, it is not surprising that a number of *ad hoc* decisions were made. These are reflected in the recommendations of the Conference (see below). With one exception, no commitment was entered into by the Delegation in excess of those contemplated in the instructions. An exception was the agreement reached between Mr. Fleming and myself during a meeting in London on July 24 that within the framework of existing technical assistance programmes, Canada could provide an increased measure of aid in the fields of Teacher Training and Teacher Supply, and that the amount which could be made available over the next five years under these programmes would be $3 million.

Canadian Initiatives

8. Canadian initiatives, reflected in the final report of the Conference, emphasize the Montreal origin both of the Conference, and of the Commonwealth Scholarship and Fellowship Scheme.[150] The part played by the Delegation in the functional committees and in the Steering Committee was consistent with this view of Canadian responsibilities. These initiatives resulted in the following decisions:

(1) That the Conference report should contain, in its preamble, some statement of the aims and objectives of education in a free society.

(2) That there should be a second conference in 1961. It seemed to the Canadian Delegation that, once the Conference was under way, with its needs better understood and enthusiasm at a high level, it was essential to maintain its momentum.

(3) That there should be no attempt to create any centralized Secretariat. There was general agreement on this point and it was reflected in the decisions of the Conference.

Reports of the Committees

9. Commonwealth Scholarship and Fellowship Scheme

(1) The target of 1,000 scholarships and fellowships set at Montreal was attained and may well be exceeded. In addition to the 500 previously announced by the United Kingdom and 250 by Canada, Australia and India promised 100 each, Pakistan 30, New Zealand 25, Malaya 12, Ghana, Rhodesia and Nyasaland 10 each, Ceylon 6 and East Africa 4. The plan will be additional to, and distinct from, any other plan in operation.

(2) The awards should be designed to recognize and promote the highest standards of intellectual achievement.

(3) In the main they should be made for post-graduate study or research; these should be called "Commonwealth Scholarships." Some awards would be at undergraduate level.

(4) A limited number of awards should be made to senior scholars of established reputation and achievement and these should be called 'Commonwealth Visiting Fellowships.'

(5) The plan should be operated by means of a series of bilateral arrangements between Commonwealth countries.

(6) Normally all awards should be "inward," that is, made by the country receiving the scholar.

(7) In each Commonwealth country special agencies should be appointed to nominate scholars and fellows for awards made by other countries and to select scholars and visiting fellows for its own awards. These agencies should include adequate representation of academic interests.

. . .

10. Training of Teachers

(1) New teachers in all parts of the Commonwealth are needed on an unprecedented scale. The shortage of highly qualified teachers is particularly acute.

(2) The long-term problem of the training of teachers must be solved by the countries themselves. In the meantime, the majority of additional places in teacher-training institutions

[150] Voir le volume 24, chapitre III, 3[e] partie, subdivision B./See Volume 24, Chapter III, Part 3, Subsection B.

which are offered to Commonwealth students should be for advanced or supplementary courses.

(3) A proportion of any funds allocated for teacher-training assistance should be used to enable teacher-training staff from the countries with more advanced educational systems to help develop facilities overseas.

(4) Teacher-training staff from those countries whose educational systems are less-well-established should be enabled to gain experience in training institutions in the more advanced Commonwealth countries. Funds should be provided for the staff of teacher-training institutions which receive overseas students to visit the countries concerned.

(5) Special attention should be given by Commonwealth Governments to improving facilities for the teaching of English. A proportion of the places to be made available in teacher-training institutions should be allocated to training in the teaching of English as a second language.

(6) A group of Commonwealth experts should meet to consider the problems involved in teaching this subject.

11. Supply of Teachers

(1) Very large numbers of teachers are needed — many of them extremely urgently — over the next four or five years. Five hundred teachers are wanted immediately for training institutions; well over 1,000 a year for secondary schools and 200 a year for technical colleges. Universities also need staff, often in highly specialised subjects. The most urgent needs are found in Africa.

(2) No conference recommendation could change this picture overnight, but it has clarified and defined the needs of the various Commonwealth countries so that the available resources may be directed to "key posts."

. . .

12. Technical Education

(1) All countries of the Commonwealth need more scientists, engineers and technically qualified people of all kinds and the facilities for technical education must be increased to meet this demand.

(2) Improved collaboration between the Commonwealth countries will result in the potentialities for technical education and development being realised more fully, more quickly and more efficiently.

. . .

Future Obligations

20. It is evident from the report that the Scholarship Plan has the full and enthusiastic support of the entire Commonwealth. But it is equally clear that the less developed areas have very pressing needs in the field of teacher training and technical education. They placed considerable emphasis on those aspects of the Conference. They will now expect part of these needs to be met by the more developed areas and indeed the preamble to the Conference Report (para 3 above) suggests this.

21. It is thus clear that the success of the Conference cannot be fully assured unless Governments follow up vigorously the decisions embodied in the Oxford report. For Canada this probably means that:

(a) within the framework of our existing and already expanded technical assistance programmes, we should attach a much higher priority than we have in the past to education as distinct from strictly technical instruction

(b) we must also take a stronger initiative in making concrete and specific offers to less developed countries in the field of education.

22. It is my conviction that the Commonwealth-wide support for the Scholarship Scheme, the recognition that there was an obligation on the part of the more favoured areas of the Commonwealth to help the less developed areas, and the belief that existing technical assistance programmes must be expanded and re-directed, constitute the major developments coming out of the Conference. To deal with these problems and to carry forward the enthusiasm generated at the Conference, we have continuing machinery already established and it should be possible to begin planning now for 1961.

23. In this connection, it would of course be of the greatest assistance if paragraphs (B) to (G) inclusive of the summary of recommendations accepted by the Cabinet on July 3, and dealing with the administrative machinery to be created in Canada to implement the Scholarship Programme and the offers under the expanded technical assistance programme could be put into force as soon as possible.

GEORGE A. DREW

4e PARTIE/PART 4

PLAN DE COLOMBO
COLOMBO PLAN

SECTION A

CONTRIBUTION CANADIENNE
CANADIAN CONTRIBUTION

127. DEA/11038-1-1A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], January 30, 1959

WHEAT UNDER THE COLOMBO PLAN

I should like to suggest that, when Cabinet reverts to the consideration of this matter, you take the position that a decision on the 1958-59 Colombo Plan programme for India be taken independently of whatever decision may be taken on the proposals which have now been put to the Cabinet by Mr. Churchill.[151]

In taking this line you might wish to remind your colleagues of the following considerations which, I feel, argue strongly in favour of our meeting the priority requests which the Indian Government has put before us:

(a) Within the last eighteen months or so India has taken $48 million of Canadian wheat.

(b) Apart from a small quantity of flour taken by Ceylon under the $35 million loan, India has in fact taken up the bulk of that loan ($24.2 million and $8.8 million, or an aggregate of $33 million); this means that she will in due course be paying Canadian dollars for this wheat and in the meantime is paying interest at a rate of 4 1/4%, or about $1.3 million a year.

(c) The proposed Indian programme already contains a $5 million allocation for wheat which at our urging was shipped to India in the previous fiscal year.

(d) It was agreed at the time of the Montreal Conference that the only further wheat which India might be asked to take up before the end of the current fiscal year would be the $8.8 million then still available from the $35 million loan fund; the correspondence embodying this understanding (which carried the concurrence of Mr. Churchill and Mr. Fleming) was sent to you under my memorandum of January 27.† Our loan agreement with India provided that this wheat would have to be shipped before the close of the 1958 St. Lawrence shipping season and all the wheat was, in fact, shipped before the freeze-up of the St. Lawrence.

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[151] Note marginale :/Marginal note:
Allocation of $17 m approved by Cab. 30/1/59 R. C[ampbell] O/SSEA

(e) It has been the consistent view of this Department (which you conveyed to Mr. Churchill in your letter of September 15)[152] that it would be against our interests to ask the Indians, at a time when they were in severe balance of payments difficulties and in need of industrial commodities vital to their development programme, to use for purchases of wheat any of the $17 million which Cabinet had allocated to them under the Colombo Plan in the current fiscal year. Furthermore, we virtually undertook, in the context of the meetings held last August under the auspices of the International Bank, to do what we could, and as quickly as we could, to meet the priority import requirements of the Indian Government under our current Colombo Plan programme.

The proposals put to Cabinet by Mr. Churchill raise a number of substantive issues of which Cabinet will wish to be aware before reaching a final decision. I am, of course, primarily concerned about the proposal that $25 million, or fully one-half of the Colombo Plan appropriation available in the next fiscal year, should be set aside for gifts in the form of wheat. A decision in this sense would, in my view, affect the basic premises on which Canada's Colombo Plan operations have been conducted. It would also, of course, have a bearing on the interests of traditional suppliers of wheat and flour to the Colombo Plan area, particularly the interests of Australia which Ministers undertook at Montreal to take fully into account in any disposal programme involving Canadian wheat and flour.

For these reasons you may wish to suggest that an interdepartmental committee of senior officials, which might be headed by the Secretary to the Cabinet, be directed to consider Mr. Churchill's proposals and report back to Cabinet as a matter of urgency.

If this procedural proposal does not commend itself to your colleagues, you will wish to bear in mind that much of the goodwill which Canada has earned in Asia, and particularly from our Commonwealth partners, has been due to the fact that in allocating funds under our Colombo Plan programme we have taken into account the economic priorities set by the recipient countries themselves. In this way we have endeavoured to contribute to what we take to be the long-term objective of any economic aid programme, namely to help the economies of the under-developed countries to become self-sustaining. I do not think that we could claim to continue to be operating within this basic framework if as much as $25 million of our Colombo Plan funds were to be devoted to the disposal of surplus Canadian wheat. However, in the light of the discussions which the Prime Minister had in the course of his recent Commonwealth tour, it would, I think, be possible for officials to ensure that $10 million is taken up by the Colombo Plan countries in the form of wheat in the coming fiscal year and that this wheat is shipped before the end of the crop year.

I understand that the views set out in the foregoing paragraph are shared by the Department of Finance and that Mr. Fleming is being briefed in this sense.

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

[152] Voir/See Volume 24, Document 424.

128. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], January 30, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of National Health and Welfare (Mr. Monteith),
The Secretary of State for External Affairs (Mr. Smith).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

COLOMBO PLAN; CAPITAL AID TO INDIA 1958-59
(PREVIOUS REFERENCE JANUARY 27)†

6. *The Minister of Trade and Commerce* said that, if no additional funds could be made available to finance wheat and flour exports, then a portion of the money proposed for allocation to India in the 1958-59 Colombo Plan programme should be set aside for this purpose. Last autumn he had suggested that Parliament be asked to appropriate additional funds for wheat and flour exports. Had his submission been approved, total exports in 1958 would have been greater than they were in 1957.

7. *During the discussion* the following points emerged:

(a) The proposed allocation of $17 million had been agreed with Indian representatives. It had been understood, from the time of the talks in Washington several months ago on India's financial difficulties, that this money would be devoted to supplies and materials other than wheat. India had already agreed to take substantial quantities of wheat. To change the position now and ask her to take more would be quite wrong.

(b) The Colombo Plan allocations and further financing for wheat exports should be dealt with separately. They did not depend on each other. The items included in the $17 million allocation were what India had requested. The government was committed to a programme of this kind through a statement by the Minister of Finance, following discussion of the subject by the Cabinet.

(c) Good arrangements had been made with the United States to consult on disposal programmes for wheat. Yet as soon as the U.S. suggested a specific plan, Canada could not

undertake to share in it because no money was available for the purpose. This situation had to be changed.

(d) The wheat outlook was not bright. Every possible step had to be taken to keep grain moving. If there were another bumper crop this year, storage would soon be full right back to the farm and criticism was sure to follow.

(e) The suggestion that one-half of next year's Colombo Plan funds of $50 million be devoted to wheat should be reviewed by the departments concerned. Several projects which had been started should be continued, but this would be difficult if so much was tied up one way.

8. *The Cabinet* agreed that the following amounts be allocated from the $22 million approved for India under the 1958-59 Colombo Plan programme,

(a) $1 million to cover further expenditures on the construction of the Canada-India Reactor at Trombay;

(b) $10.5 million for the purchase of industrial metals, including aluminium, copper, and nickel, subject to the Indian government agreeing to the establishment of local counterpart funds equivalent to the value of the Canadian grant, to be spent on agreed economic development projects;

(c) $2.5 million to finance the cost of railway ties for the Indian railway system;

(d) $2.5 million for the purchase of fertilizers, subject to the Indian government agreeing to the establishment of local counterpart funds equivalent to the value of the Canadian grant, to be spent on agreed economic development projects;

(e) $120,000 to finance the cost of providing three cobalt beam therapy units, one to be installed at the Medical College Hospital in Trivandrum, the second at the Christian Medical College at Vellore, and the third at the Medical College Hospital in Cuttack; and,

(f) $380,000 to be set aside for the time being for the procurement of equipment for the Indian atomic energy programme, subject to detailed proposals being submitted for approval in due course.

. . .

129. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 3, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),

The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Secretary of State (Mr. Courtemanche).

The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

WHEAT EXPORT PROGRAMME 1958-59; GOVERNMENT ASSISTANCE
(PREVIOUS REFERENCE AUGUST 29, 1958)†

16. *The Minister of Trade and Commerce* recalled that, last August, the Prime Minister had stated that the government intended to ask Parliament during the current session to continue to provide financial assistance for exports of wheat and flour.[153] During the 1957-58 crop year, exports were 316 million bushels, of which 285 million were commercial sales and 31 million gifts or special loans. Commercial sales for the 1958-59 crop year might not exceed 260 million bushels and, to reach the target of 300 million, assistance would be needed either by a special sum in the estimates or by using Colombo Plan funds, or both.

Last crop year $50.7 million was provided in loans and gifts to dispose of surplus wheat to India, Pakistan, Ceylon, and for Palestinian refugees. Up to December 31st in the current crop year, $15.2 million had been made available and had resulted in the movement of 9 million bushels of wheat. An important factor at this time of the year was the utilization of Atlantic ports. By shipping through these ports, not only would stocks back to the farm be reduced but employment would be stimulated at elevators and docks and on the railways involved.

The Minister said a decision was needed on how much money would be available for disposal of wheat surpluses, so that plans for shipment could be made and the programme co-ordinated with that of the United States. The objectives were exports approaching the volume of last year, the full operation of eastern terminal facilities during the winter, the clearing of storage space, and the co-ordination of the disposal programme with the U.S. He recommended that Parliament be asked to vote $15 million in the 1958-59 supplementary estimates to finance gifts of wheat to Commonwealth countries under the Colombo Plan, that $25 million be allocated from Colombo Plan funds in 1959-60 for loans or gifts of wheat or, instead of this, an additional $25 million be included in the estimates of 1959-60 for this purpose.

An explanatory memorandum had been circulated, (Minister's memorandum, Jan. 23 — Cab. Doc. 34-59).†

17. *The Minister of Finance* said that he and the Minister of Trade and Commerce had discussed this subject during the Commonwealth Conference in Montreal, and had agreed to recommend that money be provided either in 1958-59 or 1959-60, or in both fiscal years, to finance a grant of 250,000 tons of wheat to India between January 1st, 1959 and July 31st, 1959. He thought, therefore, that the Minister's proposal for $15 million could be accepted. As regards the remainder, however, $25 million was too much. So much aid in the form of wheat under the Colombo Plan did not help the recipients to help themselves and, in any event, they would probably not want so large an amount. The question of how much wheat should be given

[153] Voir/See Volume 24, Document 423.

under the Colombo Plan should be left for the negotiations to be held on the allocation of the $50 million to be voted for the 1959-60 programme.

18. *The Secretary of State for External Affairs* agreed that $25 million for wheat under the Colombo Plan was too much and that the amounts to be provided should be negotiated. There were several projects which were not yet completed and it would be a pity to cut them back. In the last analysis Canada could not force Colombo Plan countries to take wheat if they did not want to.

19. *During the discussion* it was said that the Canadian approach to the plan should be altered and Canadian negotiators instructed to press the recipients to take more of what Canadians in general wanted to dispose of. Most Canadians favoured gifts of food products rather than aid for individual projects.

20. *The Cabinet,*

(a) agreed that Parliament be requested to approve an item of $15 million to finance gifts of wheat to Colombo Plan Commonwealth countries for shipment during the balance of the current crop year; the decision as to whether the item would be included in supplementary estimates for 1958-59 or in the estimates for 1959-60 to be reached in the light of what savings might be possible on defence expenditures in the current fiscal year; and,

(b) that in the negotiations on the allocation of the funds to be provided under the Colombo Plan for 1959-60, efforts be made to ensure that the recipients take as much wheat and flour as possible.

. . .

130. DEA/11038-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], March 13, 1959

WHEAT GRANTS

You will recall that Cabinet agreed on February 3 that Parliament be requested to approve an item of $15 million to finance gifts of wheat to Commonwealth countries in the Colombo Plan for shipment during the balance of the current crop year. This decision was modified by the Cabinet on March 7 when it was agreed that $1.5 million out of the total of $15 million should be set aside for a special contribution of flour to the United Nations Relief and Works Agency for Palestine Refugees.

In the original Cabinet decision it was left to Mr. Fleming's discretion whether the item covering wheat grants would be included in the final Supplementary Estimates for 1958-59 or in the main Estimates for 1959-60. Mr. Fleming has now decided that the item should be included in the final Supplementary Estimates for 1958-59 which he intends to table in the House on Monday.

You have already made an announcement in the House about the special contribution of flour to Palestine refugees.[154] An announcement covering the grant to Commonwealth countries in the Colombo Plan should, if possible, be made next Monday before the tabling of the final Supplementary Estimates. Since I understand that you will not be in Ottawa on Monday, I assume that it would be logical for the announcement to be made by Mr. Churchill.[155]

We are arranging for simultaneous publicity to be given to this special grant in the Colombo Plan countries concerned. In order that such publicity might have the maximum local effect it would, I think, be helpful if it could include a reference to the actual amounts that will be available out of the total grant of $13.5 million to each of these countries.

Officials have considered how the total amount might best be divided and, in line with a Cabinet directive of September 7, have consulted the Australian authorities as to the allocation which is least likely to interfere with Australia's normal commercial marketings of wheat and flour in that area. In the light of all the circumstances officials have agreed to recommend to the Ministers concerned that of the total amount $10 million should be available to India, $2.5 million to Pakistan and $1 million to Ceylon.[156] Because it would be useful for Mr. Churchill to include a reference to this distribution in his statement on Monday, I should like to know whether the proposed distribution carries your judgment.

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

131. PCO

Note secrétaire d'État par intérim aux Affaires extérieures pour le Cabinet

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 126-59 [Ottawa], April 16, 1959

CONFIDENTIAL

THE COLOMBO PLAN: PATTERN OF CANADIAN AID IN 1959-60

Cabinet agreed on September 7, 1958 to an increase in the Colombo Plan appropriation from $35 million to $50 million annually over the next three fiscal years. An announcement in these terms was made by the Canadian Government at the Commonwealth Trade and Economic Conference in Montreal.

Discussions should shortly commence with the recipient countries to reach agreement on the projects and other uses to which Canadian Colombo Plan funds might be applied in 1959-60. In preparation for these discussions it will be necessary to consider the allocation of the larger amount of Canadian aid funds that will be available over the next three years among the

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[154] Voir Canada, Chambre des Communes, *Débats*, volume II, 1959, pp. 1910 à 1911./See Canada, House of Commons, *Debates*, Volume II, 1959, pp. 1828-1829.

[155] Note marginale :/Marginal note:
approved by SSEA 13/3 by phone R[oss] C[ampbell]

[156] Note marginale :/Marginal note:
This distribution approved by the Min. by phone 13/3 R[oss] C[ampbell]

countries in the Colombo Plan area. It is recommended that the annual allocation over that period should be approximately as follows (the 1958-59 allocations are shown to provide a basis for comparison):

		1958-59
India	$25.0 million	$22.0 million
Pakistan	15.0 million	13.0 million
Ceylon	2.0 million	2.4 million
Malaya	1.8 million	0.5 million
Non-Commonwealth countries	$1.5 million	$2.0 million
Technical Assistance	2.5 million	2.0 million
Unallocated	2.2 million	0.4 million
	$50.0 million	$42.3 million*

* The total appropriation of new funds for 1958-59 was $35 million. The actual amount allocated includes sums carried over from previous appropriations.

This pattern of allocation takes into account the capacity of individual countries to absorb surplus foodstuffs as part of the Canadian programme without disrupting normal commercial markets. It also takes into account a number of considerations which are set out in the following paragraphs.

In a normal year India's allocation has been of the order of between $17 and $19 million out of a total of $35 million. The proposed increase in the allocation to India would help to reflect more adequately than in the past India's size, her population in relation to that of other recipient countries (some five times that of Pakistan and close to fifty times that of Ceylon), and her capacity to absorb outside economic aid effectively. Moreover, India's success or failure in realizing at least the minimum objectives embodied in her current Five-Year Plan is bound to have a determining influence on the pattern of political developments in free Asia.

5. The relative size of Pakistan's share in recent years has reflected special arrangements made for the financing of the Warsak project. Nevertheless, an increase in the amount now proposed for Pakistan is not regarded as unreasonable in view of the determined efforts being made by the new Government of Pakistan to create a viable economy.

6. Ceylon's share of Canadian funds from the inception of the Colombo Plan has been $2 million annually (the higher 1958-59 allocation reflects a special flour grant of $400,000). There is no intrinsic reason why this amount should now be increased and no increase is recommended even though this will mean that Ceylon is the only Commonwealth country whose allocation is not increased.

7. While in terms of foreign exchange earnings the Federation of Malaya is better off than most of her neighbours in the Colombo Plan area, our present capital aid programme in that country has been in operation for only one year. The amount of $500,000 made available for this purpose has thus been in the nature of an initial allocation and should be substantially raised if the programme in Malaya is to be comparable to those which Canada is carrying out in other Commonwealth countries under the Colombo Plan.

8. With respect to the non-Commonwealth countries, Cabinet agreed on February 24 to Canadian participation in the Mekong River project. This is expected to involve an allocation of up to $650,000 in each of the fiscal years 1959-60 and 1960-61. Cabinet also directed on the same date that, apart from this project, Canadian capital aid to non-Commonwealth countries in 1959-60 was to be provided in the form of foodstuffs. The proposed allocation to non-Commonwealth countries will leave room for a foodstuffs programme of $850,000.

9. Allocations to finance Canada's technical assistance under the Colombo Plan have risen over the years from an average level of $400,000 annually in the early years of the Plan to $2 million in 1958-59. It is estimated that the programme will absorb an average of $2.5 million over the next three years.

10. The amount to be left unallocated is a good deal larger than in previous years. The reason for this is that the World Bank is intending to place before the governments of the United States, the United Kingdom and Canada a plan for the settlement of the "canal waters dispute" between India and Pakistan and it would seem desirable to leave about $2 million of Colombo Plan funds unallocated pending consideration of this proposal. The canal waters dispute arises out of the partition of the Indian sub-continent and relates to the use of the waters of the Indus river system. The World Bank has for some years been exploring the basis of a possible settlement and there are indications that the proposals which the Bank has now formulated may prove acceptable to both sides. These proposals will involve a vast engineering programme costing close to $1 billion over a period of about ten years. The Bank itself is prepared to make resources available for this programme and it has expressed the hope that the United States, and the members of the Colombo Plan might also be disposed to channel some of their economic assistance into this programme over a number of years. It is clearly of importance for Canada to be able under the Colombo Plan to assist in the settlement of a dispute which has embittered relations between two of our Commonwealth partners in Asia for over a decade and the solu-tion of which may have a bearing on attitudes in the Kashmir dispute.

11. Aside from the pattern of allocating Canadian aid among the recipient countries, another matter that requires consideration is the content of the Canadian aid programme.

12. One of the reasons why Canada announced at the Montreal Conference that the increased Colombo Plan appropriation would be available for a three-year period was to enable the recipient countries to base their planning of development projects (such as irrigation schemes, hydro-electric installations, or railway modernization) on a reasonably firm idea of the amounts of Canadian aid that were likely to be available to them over that period. These projects require a great deal of advance planning, and may involve the provision of more equipment from Canada than can be purchased with the funds available to a particular country in a given year.

13. The countries of the Colombo Plan area attach importance to development projects as best calculated to advance the basic objective of all economic development in under-developed countries, which is to achieve self-sustaining economic growth. They are also regarded in that area as enduring evidence of Canadian interest and goodwill and, more generally, of the concern of the more developed countries of the free world to assist in the achievement of rising standards of living in the underdeveloped regions.

14. By their very nature, these major projects call for an integrated contribution of Canadian equipment and services. In that way they provide substantial employment for Canadians and have an appreciable impact on the operations of Canadian manufacturers of capital goods, particularly in the engineering and electrical equipment fields. They also familiarize countries of the area with Canadian manufactured goods and should help Canadian firms in the longer term to develop export markets in those countries.

15. It is expected that, along with requests for commodities and foodstuffs, the countries in the Colombo Plan area will continue to wish Canada to participate in the designing, building and equipping of major development projects. It would be useful, therefore, if officials were

authorized to discuss the provision of Canadian equipment and services for these purposes under our aid programme.

16. On February 3, 1959, Cabinet directed that "in the negotiations on the allocation of the funds to be provided under the Colombo Plan for 1959-60, efforts be made to ensure that the recipients take as much wheat and flour as possible." There are three ways in which it would be possible, administratively, to give effect to this directive:

(a) It would be possible to negotiate with each country to accept the maximum of wheat with the established total of funds allocated to it. This would have the advantage that the relative claims of the various countries on Canadian assistance would be reflected in the total assistance which they would receive. It would, however, have the disadvantage that countries might be reluctant to accept aid in the form of wheat or flour when this would be at the expense of other commodities and equipment for development projects to which they are likely to attach a higher priority.

(b) It would be possible to make the aggregate level of assistance offered to a particular country depend on the amount of wheat or flour it was prepared to accept under the Canadian aid programme. However, such a procedure might have the effect of seriously distorting the distribution of Canadian aid among the Colombo Plan countries. (Ceylon, for example, would probably receive a far greater share of Canadian aid than Malaya which, because of its sound foreign exchange position, has not in the past been regarded by any potential supplier as an appropriate recipient of concessional wheat). It might also make it difficult to protect Commonwealth suppliers like Australia from substantial encroachment on their normal commercial markets for wheat and flour in the Colombo Plan area.

(c) An advance determination might be made of the amount which should be regarded as a target in implementing the requirements of the Cabinet directive of February 3. This would permit officials to base negotiations with each recipient country on specific minimum amounts to be applied to the purchase of wheat or flour out of the total allocation of funds set aside for that country.

17. It is considered that, on balance, the approach outlined under (c) above is best calculated to promote the disposal of surplus Canadian wheat or flour without upsetting the overall balance of the Canadian Colombo Plan programme.

18. In determining what amount might be set aside to provide wheat and flour under the Colombo Plan, a number of considerations should be taken into account. Since the inception of the Plan, the countries of the area have taken $37.4 million in wheat and flour from Canada. This represents just over 15% of the total of Canadian funds allocated under the Plan. In addition, of course, wheat and flour have been made available to India, Pakistan, and Ceylon through grants and loans over and above the Colombo Plan. There is no reason to think that the countries of the area would not again be prepared in 1959-60 to ask for wheat and flour to be made available as part of our regular Colombo Plan programme. It would also be reasonable to expect the quantities taken up in this way in 1959-60 to reflect the larger Colombo Plan appropriation. On the other hand, because of the high priority which these countries attach to the execution of projects included in their economic development programmes, the serious foreign exchange position in which some of them find themselves, and the availability of gift wheat and flour from other sources, they would clearly prefer to take as much as possible of the Canadian allocation in the form of raw materials, and equipment for basic development projects.

19. Consideration should also be given to the effect of Canadian aid in the form of foodstuffs in the broader context of surplus disposal operations. The Australian Government are known to be concerned about the increasing quantities of wheat and flour that are being moved by Canada on non-commercial terms. At the same time, the United States Administration is under growing Congressional pressure to step up its surplus disposal programme. Canada has sought to ensure that United States surplus disposal operations do not encroach on the normal commercial markets of other exporters of wheat and flour. To the extent that Canada engages in operations which adversely affect Australian interests, it will become more difficult for us to make effective representations on this problem to the United States Government.

20. In the light of the terms of the Cabinet directive of February 3 and the considerations set out in the foregoing paragraphs, it is considered that in 1959-60 Colombo Plan countries should be asked to take at least 25% or $12.5 million in the form of wheat and flour.

Summary of Recommendations

It is recommended that:

(a) The $50 million appropriation should be divided as suggested in paragraph 2 above;

(b) Officials should be authorized to discuss with officials of the countries of the Colombo Plan area programmes for 1959-60 to include foodstuffs, commodity assistance, and the provision of Canadian equipment and services for economic development projects;

(c) These discussions should proceed on the basis that the countries of the area would be expected to take a total of at least $12.5 million in the form of Canadian wheat and flour.

[J.G. DIEFENBAKER]

132. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], May 5, 1959

Present

The Prime Minister and Acting Secretary of State for External Affairs (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries and Acting Minister of Agriculture (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

COLOMBO PLAN; INDUS WATERS PROJECT

1. *The Prime Minister* stated that the International Bank intended to place before the governments of the United States, the United Kingdom and Canada a plan for the settlement of the Indus waters dispute between India and Pakistan. It appeared desirable to leave about $2 million of Colombo Plan funds unallocated pending consideration of the proposal. The dispute arose out of the partition of the Indian sub-continent and related to the use of the waters of the Indus river system. The proposals, which would involve a vast engineering programme costing close to $1 billion over a period of about 10 years might, it was felt, prove acceptable to both sides. The Bank hoped that the U.S. and the members of the Colombo Plan might also be disposed to channel some of their economic assistance into this particular programme over a number of years. It was clearly important to Canada to participate in a programme which would bring about better relations between India and Pakistan.

An explanatory memorandum was circulated, (Memorandum, Acting Secretary of State for External Affairs, April — Cab. Doc. 126-59).

2. *Mr. Diefenbaker* recalled the decision to increase the Colombo Plan appropriation by $15 million annually over the next three fiscal years. The pattern of allocation was to take into account the capacity of individual countries of the Plan area to take a large amount in the form of Canadian agricultural products. For example, Pakistan, in 1957-58, had taken one-seventh of the total appropriation allocated to it, that is, $2 million, in Canadian wheat. During his visit to Pakistan the previous fall, he had been able to persuade the Pakistan government to take double that amount in the 1958-59 allocation.

3. *During the discussion* the following points were raised:

(a) It was thought that, in the absence of the Minister of Trade and Commerce, who had a major interest in the Colombo Plan programme, the discussion for the time being should be restricted to Canada's participation in the settlement of the Indus waters dispute.

(b) The amount of the Canadian participation in the Indus waters programme would be approximately $17 million over the next 10 years, that is, an annual expense which would be chargeable to the Colombo Plan programme of approximately $1.7 million. Some ministers expressed opposition to a 10 year commitment and felt that the government should have an opportunity to consider its assistance each year depending on the progress made in carrying the proposal into execution.

4. *The Cabinet* agreed that the government should accept in principle participation in this proposal for settlement of the Indus waters dispute along the lines suggested by the International Bank and the government of the United Kingdom, but should not enter into a firm commitment for contributions over a 10 year period, instead it should make its later payments conditional upon the progress made in implementing the proposals.[156b]

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[156b] Voir/See document 152.

133. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], June 4, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

COLOMBO PLAN; PATTERN OF CANADIAN AID IN 1959-60
(PREVIOUS REFERENCE MAY 5)

7. *The Prime Minister* recalled that it had already been agreed that the Canadian contribution to the Colombo Plan be increased from $35 million to $50 million annually over the next three fiscal years. Discussions would be held shortly with the recipient countries to reach agreement on the projects and other uses to which these funds might be applied in 1959-60. He referred to the recommendation outlined in the document which had been circulated, with respect to the annual allocation. The pattern indicated that Malaya, for example, would be getting approximately 3 ½ times the amount which it had received in 1958-59. Malaya had successfully resisted communism and deserved assistance because he believed that "if Malaya goes, everything goes." During his visit there the previous fall, the Malayans had indicated that they did not have a "gimme complex," contrary to other Colombo Plan countries. He referred to the desperate situation existing in Ceylon at the present time. The contribution of India had been increased on the basis of her population.

He noted that it would only be reasonable to ask the Colombo Plan countries to accept a maximum quantity of wheat. There was no reason why Canada should pile up surplus wheat when other countries were providing wheat to Colombo Plan countries. It had been agreed earlier in the year that efforts be made to ensure that recipients under the plan should take as

much wheat and flour as possible, and therefore, it was proposed to ask these countries to take at least 25 per cent from the 1959-60 assistance in that form.

An explanatory memorandum had been circulated, (Memorandum, Acting Secretary of State for External Affairs, April 16 — Cab. Doc. 126-59).

8. *During the brief discussion* there was general agreement with the proposals although some felt that the proportion of 25 per cent in the form of wheat and flour was too high in that the principal purpose of the Colombo Plan was to improve the production capacity in the countries concerned. 20 per cent might have been a better proportion.

9. *The Cabinet* agreed that,

(a) the $50 million appropriation for the Canadian contribution to the Colombo Plan for 1959-60 should be allocated as follows:

India	$25.0 million
Pakistan	15.0 million
Ceylon	2.0 million
Malaya	1.8 million
Non-Commonwealth countries	1.5 million
Technical Assistance	2.5 million
Unallocated	2.2 million
	$50.0 million;

(b) officials should be authorized to discuss with officials of the countries of the Colombo Plan area programmes for 1959-60 to include foodstuffs, commodity assistance, and the provision of Canadian equipment and services for economic development projects; and,

(c) these discussions should proceed on the basis that the countries of the area would be expected to take a total of at least $12.5 million in the form of Canadian wheat and flour.

. . .

134. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

SECRET [Ottawa], July 22, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),

The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

COLOMBO PLAN; INDUS WATERS PROJECT
(PREVIOUS REFERENCE MAY 5)

27. *The Prime Minister* said the President of the International Bank for Reconstruction and Development had written about revised arrangements that were proposed for contributions towards the financing of an Indus Basin settlement plan. It was contemplated that the total cost of the system of works would be around $1,033 million (U.S.). Of this, $836 million would be for works constructed by the government of Pakistan and $197 million for those by the government of India.

After taking into account the financial contribution likely to be available from the Bank itself ($100 million) and by India ($175 million), contributions over a ten-year period were earnestly requested from certain Commonwealth countries and the United States. These were to be in free foreign exchange. Canada was asked for $23.2 million (U.S.). Other amounts would be, Australia, - $15.6 million, New Zealand, - $2.8 million, the United Kingdom, - $58.4 million — a total Commonwealth contribution of $100 million, and various loans and grants from the United States in both dollars and rupees to a very substantial amount.

28. *During the discussion* it was recalled that the previous decision in principle on this matter had been on the understanding that Canada's contribution would be about $17 million, that no firm commitment would be made for payment over a ten-year period and that it would be done under the Colombo Plan with materials from Canada. On the other hand, the proposal of the Bank was of the utmost importance and a solution to the problem now most likely to cause danger of a war between Pakistan and India. Furthermore, the United States would be making a substantial contribution in company with Commonwealth countries. This was a very satisfactory turn of events. Perhaps it was now unfortunate that Canada had become committed for so much more under the Colombo Plan, but this project deserved support, even in terms of free foreign exchange.

29. *The Cabinet* agreed to accept the recommendation of the President of the International Bank that Canada contribute $23.2 million in free foreign exchange (U.S. equivalent) over a ten-year period to the Indus Basin Development Fund.

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135. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 263-59 [Ottawa], August 26, 1959

CONFIDENTIAL

COLOMBO PLAN: PROVISION OF WHEAT AND FLOUR UNDER THE 1959-60 CAPITAL AID PROGRAMME

At its meeting of June 4, 1959, Cabinet approved a memorandum on the pattern of aid for the 1959-60 Colombo Plan programme for which Parliament subsequently approved an appropriation of $50 million. In addition to allocating specific sums to countries for capital aid, Cabinet decided that of this amount at least $12.5 million should be offered to recipient countries in the form of Canadian wheat and flour.

In accordance with Cabinet's instructions the Canadian missions in each of the recipient countries have informed the governments to which they are accredited, of the amounts of capital aid which would be made available to them under the 1959-60 programme, and have requested these governments to submit proposals for the use of these funds on high priority economic development projects.

To date, India and Pakistan have submitted firm proposals for the use of Canadian capital aid funds allocated to them and it is expected that the other recipient countries will respond, in due course, to the approaches made by our missions. When firm proposals have been received from all the recipient countries and these have been examined to see whether they are technically and economically sound and whether they are appropriate as Canadian capital aid projects, firm recommendations on those projects which appear to be acceptable to Canada will be submitted for Cabinet approval.

With regard to the $12.5 million to be provided in wheat and flour, the following amounts were offered to these countries:

Country	Total Capital Aid Allocation	Wheat/Flour Element		
India	$25,000,000	$7,000,000		
Pakistan	15,000,000	3,650,000		
Ceylon	2,000,000	1,000,000		
Non-Commonwealth	1,500,000	850,000		
			(A) Indonesia	350,000
			(B) Burma	350,000
			(C) Vietnam	100,000
			(D) Other	50,000
		$12,500,000		

It has been the practice for Canada to consult Australia about the provision of Canadian wheat and flour under the Colombo Plan to countries to which Australia normally exports wheat and flour. Officials have reviewed the grants listed above with the Australian authorities, and they have informed us that they have no objections to these allocations.

The Governments of India, Pakistan and Ceylon have gratefully accepted the grants of wheat and flour our mission proposed to them. It is expected that, although the pattern of grants to non-Commonwealth countries may be altered slightly, the allocations of wheat and flour will be accepted by them as well in the near future. Accordingly, it is now clear that it will be possible to dispose of $12.5 million in the form of wheat and flour under the 1959-60 Colombo Plan capital aid programme.

Normally, although this has not always been possible, I would prefer to ask Cabinet to approve recommendations which cover the use of the whole of the capital aid allocated to each country. This year, however, there are especially strong reasons in favour of proceeding immediately with the shipments of Colombo Plan wheat and flour, even though this will mean a second submission to Cabinet on the use of the rest of the capital aid allocations. The reasons for proceeding immediately with the wheat and flour shipments are:

1) India would like to receive its grant of $7 million worth of wheat in September or as soon thereafter as possible, to meet temporary food shortages that are anticipated at that time.

2) Grain shipments from the St. Lawrence are, at present, relatively slow, and the rapid movement of Colombo Plan wheat would help reduce the stocks of grain in storage in St. Lawrence ports.

3) If these grants can be made now, when handling facilities and vessels are available, it is likely that the shipments can be made more economically and quickly.

4) The formulation of the entire capital aid programmes for these countries will not be completed for several weeks at least. In order to avoid possible difficulties in shipping the wheat and flour from the St. Lawrence before the freeze up, it would be desirable to start shipments as soon as possible.

Recommendations:

Accordingly, it is recommended that, under the Colombo Plan capital aid programme for 1959-60:

1) Grants of wheat and flour in the amounts shown below be made to the countries listed and that shipments of these commodities to these countries begin immediately:

India	-	7 million
Pakistan	-	3.65 million
Ceylon	-	1 million

2) Grants of wheat and flour to the value of $850,000 be approved for non-Commonwealth members of the Colombo Plan and that shipments of these commodities begin immediately these grants are accepted by the recipient governments.

3) Countries receiving these grants of wheat and flour be requested to establish in local currencies, counterpart funds equivalent to the value of the Canadian grant to be spent on agreed economic development projects.

4) That public announcement of each of the wheat and flour grants be deferred until the total capital aid programme in each of the countries has been considered and approved by Cabinet.[157]

H.C. GREEN

[157] Approuvé par le Cabinet le 2 septembre 1959./Approved by Cabinet on September 2, 1959.

136. DEA/11038-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[158]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[158]

CONFIDENTIAL [Ottawa], October 23, 1959

WHEAT GRANTS FOR COLOMBO PLAN COUNTRIES

We have learned that the Minister of Trade and Commerce intends to put before Cabinet tomorrow a proposal that $25 million worth of wheat and flour be offered in the form of grants to Colombo Plan countries, other approved recipients and the United Nations Relief and Works Agency for Palestine Refugees. Attached is a copy of the memorandum to Cabinet† explaining this proposal. For your information the following table shows the value of wheat and flour made available to Colombo Plan countries in the past three fiscal years.

1957-58	Regular Colombo Plan programme.	$10 million
	Special grants	$15 million
	Loans	$35 million
1958-59	Regular Colombo Plan programme.	$4 million
	Special grants	$13.5 million
1959-60	Regular Colombo Plan programme.	$12.5 million

These figures do not match precisely with those in the attached memorandum because they relate to fiscal years but the total is the same as that quoted by Trade and Commerce for crop years.

Before we make any new offers in this field, I suggest that it would be most important to consult with other countries about the possible effects on normal commercial marketings of wheat. As you know, the Australians have been particularly concerned about previous Canadian wheat gifts to countries they consider to be their traditional markets.

It would also seem wise to find out before we decide upon further grants, whether the Colombo Plan countries need additional wheat and are likely to accept fresh offers. It may be relevant to point out that of the $12.5 million allocated to wheat under the 1959-60 Colombo Plan programmes, Burma and Indonesia have still not accepted the total of $700,000 offered to them.

The Minister of Trade and Commerce recommends that the proposed $25 million be provided by an item in the supplementary estimates for 1959-60 and we assume therefore that it should be additional to the Colombo Plan vote for this year.

I suggest that we should strongly resist having this sum allocated to wheat from the 1960-61 Colombo Plan vote if that procedure is suggested. We have not yet considered the details of our 1960-61 programme and cannot do so until the utilization of the 1959-60 allocation is finally settled. As the picture now stands, however, 1959-60 country programmes show a high proportion of commodity assistance and an excessively low proportion of new Capital projects of the kind which these countries require if they are to make any progress and maintain their political stability over the year ahead. The allocations to India and Pakistan this year are likely

[158] Note marginale :/Marginal note:
Not considered by Cab 24/10. If T&C to go ahead, should be referred to PM R[oss] C[ampbell] 24/10

to consist of as much as 75 to 80% wheat, metals and fertilizer. This is a continuation of a trend that has been evident for two or three years now. While it may be necessary from time to time to use Colombo Plan funds to supply commodities to these countries, it is very difficult to argue that this kind of assistance at the expense of Capital aid represents the most effective contribution to "the economic development of South and Southeast Asia," which is the objective of the Plan. Commodity aid is a short-term operation only and in my view should as far as possible be kept separate from our Colombo Plan operations except when such commodities (primarily metals) are specifically requested by the recipient countries as part of their development programme. It may be argued that the counterpart funds from commodity grants are devoted to economic development but this does not directly help the underdeveloped countries in meeting their urgent need for capital equipment from abroad.

Another point to be considered in our future Colombo Plan programmes is that we have made a commitment to the IBRD to contribute $23 million over ten years to the Indus Development Fund and that this is probably going to require an allocation of just over $2 million each year from the Colombo Plan vote.

I recommend therefore: (a) before any decision is taken to offer further wheat grants to the Colombo Plan or other recipients consultations with the other wheat exporting countries should take place; (b) there should be investigation into the need and probable acceptability of such grants; (c) if a decision to offer such grants is made, the funds should be provided by a special separate and additional vote and not included in the Colombo Plan vote.

I would add that if it were to be decided to have a vote for wheat grants such an item might be more appropriately included in the estimates of some other department than in the estimates for External Affairs, even though similar votes have been included in this Department's estimates in the past.

A.E. RITCHIE
for Under-Secretary of State
for External Affairs

137. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 26, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),

The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

GOVERNMENT ASSISTANCE TO WHEAT EXPORT PROGRAMME

6. *The Minister of Trade and Commerce* said that in 1957-58 wheat and flour exports were 320 million bushels, of which 286 million were commercial sales, 31 million in gifts or special loans to Colombo Plan countries and for United Nations relief and 3 million in sales under Export Credits Insurance. For 1958-59 exports amounted to 294 million bushels. Part of the decline could be attributed to the reduction from the previous year in government-financed exports. Over $50 million had been provided to assist exports in 1957-58 as compared with $30 million in the crop year just ended.

The Advisory Committee to the Wheat Board had urged strongly the continuation and expansion of the policy of financial assistance for wheat and flour exports. The Board estimated that commercial sales for this current year would be between 260 and 270 million bushels. In addition, $13.5 million, which would purchase 7.5 million bushels, had been allocated from regular Colombo Plan appropriations to finance gifts of wheat and flour and 6 million bushels might be shipped in connection with emergency stockpiling in Nato countries.

An export volume in the 1959-60 crop year comparable to the last two years would be necessary to provide sufficient storage space to move a reasonable quantity of stocks of grain from farms, particularly in view of the anticipated larger quantities of high moisture grain which would have to be moved this year.

Accordingly, the Minister recommended that an item of $25 million be included in the supplementary estimates for the present fiscal year to finance gifts of wheat and flour for shipment during the 1959-60 crop year to Colombo Plan countries, other approved recipients and to the U.N. Relief and Works Agency for Palestine Refugees.

An explanatory memorandum had been circulated. (Minister's memorandum, Oct. 23, — Cab. Doc. 329/59).†

7. *Mr. Churchill* added that for the past three years the wheat crops had been about average in size or a little less. Next year there might be a bumper crop of 500 or 600 million bushels and it was therefore desirable to clear as much grain as possible off the farms and from storage.

8. *The Minister of Finance* regretted that this proposal had so far not been discussed with him or his officials. It meant a supplementary estimate and upsetting the budget calculations to the extent of $25 million. It was now becoming apparent that it would be difficult to reduce the deficit to the amount he had estimated in his budget speech last spring. More attention should be paid to the budget than before. He felt strongly that appropriating an additional $25 million to finance wheat sales was not justifiable, particularly as more money was being made available for Colombo Plan Aid than ever before. Finally, discussions were being held on the Food for Peace plan which might involve further donations.

9. *During the discussion* it was pointed out that when the government came into office the wheat carry-over had been 730 million bushels; at the end of the last crop year it was down to 500 million. The efforts of the government in this regard had not gone unnoticed on the Prairies and their continuation would remove a political hazard for the future. The proposed additional donations would not upset commercial markets, our own or those of such countries as Australia, which had always been consulted when donations were contemplated.

10. *The Cabinet* postponed further discussion of the proposal of the Minister of Trade and Commerce to provide $25 million to finance gifts of wheat and flour abroad pending decisions on the question of assistance to western farmers for losses suffered as a result of storms on the prairies.

. . .

138. J.G.D./VI/805

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], October 28, 1959

WHEAT GRANTS FOR COLOMBO PLAN COUNTRIES

I understand that Cabinet may consider tomorrow a recommendation from the Department of Trade and Commerce that $25 million worth of wheat and flour be offered in the form of grants to Colombo Plan countries, other approved recipients and the U.N. Relief and Works Agency for Palestine Refugees.

This Department has an interest in these proposals, and I wish to offer, for your consideration, the following comments:

(a) If it is contemplated, as might seem appropriate, that the funds required for this wheat disposal programme be provided from the Estimates of some other Department, this Department would have no substantial comments. We would suggest, however, that it would be desirable to co-ordinate this programme with the Food for Peace plan through the intergovernmental Wheat Utilization Committee.[159] In view of Canada's interest in maintaining good relations with other friendly wheat-exporting countries and in maintaining the international market for wheat, it would be advisable, before putting any new offers into force, to consult with these countries in order to forestall any possible criticism from them that Canadian actions had interfered with their normal commercial wheat markets. As you know, the Australians have been particularly concerned about previous Canadian wheat gifts to countries they regard as their traditional markets;[160]

(b) If the funds necessary to finance this disposal programme are to be provided out of the Estimates of this Department but not out of the Colombo Plan Vote,[161] we think it would be advisable to conduct some preliminary examination to determine whether or not the proposed

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[159] Note marginale :/Marginal note:
This would be done. [Gordon Churchill]

[160] Note marginale :/Marginal note:
Australia has been consulted in the past prior to concluding agreements with South East countries. We have made a firm commitment to consult them in the future & this is understood by my officials. Australia has not complained to me. [Gordon Churchill]

[161] Note marginale :/Marginal note:
In '57 & in '58 opportunities arose for Canada to participate in gift programs of wheat & flour to S.E. countries. No funds were available at the moment of opportunity. If funds are allocated the Wheat Board is in a position to negotiate without delay. Otherwise the USA gets ahead of us for they have the money voted for this purpose. [Gordon Churchill]

recipient countries are likely to be able to accept additional Canadian wheat and that the provision of such wheat would strengthen our international relations;

(c) If it should be suggested (as is not proposed in the Trade and Commerce memorandum) that this programme should be financed out of the regular Colombo Plan Vote of $50 million, we would recommend against this course.[162] If the Colombo Plan is to achieve its objective of contributing to the economic development of South and South-East Asia, it is essential to maintain a balance between commodity aid and capital assistance. At the present time, this country's programmes show a high proportion of commodity aid and an extremely low proportion of new capital projects of the kind the recipient countries need if they are to make economic progress and maintain their political stability over the years ahead. There will undoubtedly be many worthwhile capital projects, such as the Indus Waters development, requiring capital aid funds in the near future.

A.E. RITCHIE
for Under-Secretary of State
for External Affairs

139. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 29, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Dr. Hodgson).

. . .

GOVERNMENT ASSISTANCE TO WHEAT EXPORT PROGRAMME
(PREVIOUS REFERENCE OCTOBER 26)

13. *The Minister of Trade and Commerce* emphasized again the necessity of maintaining wheat and flour exports at the level of 300 million bushels annually in order to keep grain

[162] Note marginale :/Marginal note:
No such proposal! [Gordon Churchill]

moving off the farm and to provide sufficient storage space in the event of bumper crops. It was difficult to increase commercial sales because world wheat production had increased and in Western Europe most countries insisted on millers using a large proportion of home grown wheat. Consumption of wheat was not mounting much in the west but would increase in Asia and Africa if the nations there could afford it. The United States had done much in Asia to increase interest in wheat consumption, which had redounded to Canada's benefit; Japan was a good example. At the moment Canada had little to complain about in regard to U.S. disposals. Altogether the only prospect of reaching an export level of 300 million bushels next crop year was by government donations. He therefore proposed a supplementary appropriation of $25 million for this fiscal year to finance gifts of wheat and flour.

14. *During the discussion* the following points were raised:

(a) Loans should be made to finance additional exports rather than gifts. In this way the money would be returned and the charge would not appear as a budgetary item.

(b) It was stated, on the other hand, that India, for example, was not prepared to borrow any more to buy wheat and that Canada would have to find the cash, either by increasing taxes or by borrowing.

(c) It was questionable whether the present was the time to agree to the proposal in view of the government's financial position and because of the assistance already agreed for western farmers because of storm damage to crops.

15. *The Cabinet* decided not to approve the recommendation of the Minister of Trade and Commerce that an item of $25 million be included in the estimates to finance gifts of wheat and flour for shipment during the 1959-60 crop year, but suggested he consider means of financing sales of wheat on credit.

. . .

140. DEA/50015-F-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 28, 1959

INDUS WATERS SCHEME

You will recall that in July last Cabinet decided that Canada should accept the recommendation of the President of the International Bank that we contribute $23,200,000 in free foreign exchange, over a ten year period, to the Indus Basin Development Fund, conditional on the other Commonwealth countries concerned and the United States agreeing to the contributions requested from them by the IBRD. Subsequently the Prime Minister wrote Mr. Black to inform him of our decision. This memorandum is intended as a progress report on recent developments in the Indus Waters Scheme.

Officials of the International Bank have been meeting with Indian and Pakistani representatives to draft an Indus Waters Treaty over the past several months and have now submitted to both Governments a draft of the Treaty. Good progress appears to have been made in reaching agreement on most provisions of the Treaty and the IBRD still hopes to have it

come into effect on April 1st, 1960. One point upon which agreement has not yet been reached is a Pakistani request for an extension of the "transition period" in the event that an outbreak of international hostilities makes it impossible to complete the system of replacement works. The transition period is envisaged as ten years, during which India will limit her withdrawals of water from the Eastern tributaries of the Indus while replacement works are being constructed in Pakistan with external assistance. There is provision in the proposed Treaty for an extension of up to three years, in the event of what one might call "normal" delays, but Pakistan is asking for an extraordinary extension in the case of such emergencies as war. Pakistan evidently fears that India might insist on drawing the water to which she will be entitled at the end of the ten-year transitional period, even if Pakistan, for reasons beyond her control, is unable to complete the replacement works. The Bank has drafted provisions covering this eventuality which it hopes the two governments will accept.

While the negotiation on the Indo-Pakistan Treaty have been in progress, the Bank has also drafted an Agreement setting up the Indus Basin Development Fund. A copy of this draft Agreement is attached.† The parties to this Agreement would be Australia, Canada, the Federal Republic of Germany, New Zealand, Pakistan, the United Kingdom, the United States and the International Bank. India will not be a party because she does not wish to assume responsibility for the works to be constructed in Pakistan, although an Indian contribution to the replacement works is covered in the Indo-Pakistan Treaty. The Agreement on the Indus Development Fund depends upon signature by India and Pakistan of the Indus Waters Treaty and it will only come into effect after the Treaty is signed and ratified.

Most of the provisions of the attached Agreement are rather technical and concerned with the detailed administration of the Fund by the International Bank. You may wish to have a look, however, at the main points of the Agreement as they are set out in the Preamble, and Articles I and II.

The proposed Agreement itemizes, in Article II, the amounts to be contributed by each signatory to the Indus Basin Development Fund, including Canada's contribution of $23.2 million. Officials are satisfied that our signature of an agreement on these lines would be consistent with the Cabinet decision referred to above.

The Bank proposes to include an annex to the Agreement setting out the approximate amounts the Bank will call from each contributor in each of the ten years. Canada's contribution will be 7.63% of the total foreign exchange grants. The first draft of this Annex indicated that we would be called upon for a payment of $600,000 in the first year, beginning April 1, 1960, but that our contribution might rise to approximately $4.25 million in the third and fourth years, declining again thereafter. The fact that we will be drawing these contributions from our Colombo Plan vote raises the problem of the possible affect on other Colombo Plan programmes in those years when our contributions to the Indus scheme are at their maximum. We will be discussing with the Department of Finance possible ways of spreading out the impact of these contributions on our Colombo Plan programmes, e.g. by setting aside larger amounts than are actually required in the first two years in order to build up a reserve for the years when our payments are larger.

In the past few weeks there have been two or three rounds of discussion in Washington on the draft Agreement, in the course of which we have made a number of suggestions for improvements. One of our major concerns in these discussions has been to ensure that all the parties will be contributing, as far as possible, under the same conditions as we have agreed to contribute. In particular we have emphasized that all contributions should be in free foreign exchange. Until recently the Australians had indicated that their contribution would be tied to the supply of equipment and services from Australia but the latest report is that the Australians now agree that their contribution will be in free foreign exchange. One remaining problem in

this area appears to be the status of the loan of $70 million from the U.S. Development Loan Fund. (The U.S. is also contributing a grant of $177. million and $235. in rupees from counterpart funds.) Under a recent change in U.S. policy the proceeds of DLF loans must be spent on U.S. goods and services. American officials have indicated that they will try to get round this requirement in the case of the Indus Development Fund but there is no assurance that they will succeed in obtaining a waiver.

We have endeavoured to get agreement that all contributions will be expressed in U.S. dollars, partly to reinforce the principle of convertibility of all contributions to the Fund. It appears, however, that the majority of contributors want to have their contribution expressed in their own national currency.

We expect that the IBRD will soon present a final draft of this Agreement to the Canadian and other governments concerned. I suggest that when a final draft is received you might take it up in Cabinet.[163] Mr. Fleming would, I understand, be agreeable to this procedure.[164]

N.A. R[OBERTSON]

SECTION B

RÉUNION DU COMITÉ CONSULTATIF À JAKARTA, 11-14 NOVEMBRE 1959
CONSULTATIVE COMMITTEE MEETING, JAKARTA NOVEMBER 11-14, 1959

141. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 314-59 [Ottawa], October 15, 1959

RESTRICTED

FUTURE OF THE COLOMBO PLAN

The Consultative Committee of the Colombo Plan, which will be meeting in Jogjakarta, Indonesia at the end of October, will have to take a decision on the future of the Colombo Plan. In 1955 it was agreed to continue the Plan to 1961 and to reconsider its future in 1959.

Attached is a memorandum on this subject which, if approved, will form part of the instructions to the Canadian Delegation to the Jogjakarta meeting. In summary, the Delegation is instructed:

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[163] Le Cabinet a approuvé le texte de l'Accord sur le Fonds de mise en valeur du bassin de l'Indus le 16 septembre 1960. Voir *Recueil des traités du Canada*, 1961, N° 1.
Cabinet approved the text of the Indus Basin Development Fund Agreement on September 16, 1960. See *Canada Treaty Series*, 1961, No. 1.

[164] Note marginale :/Marginal note:
Hold until Jan 11/59 [sic]. Approved by SSEA 11/1 [1960] [Ross Campbell]

(a) To seek agreement on continuation of the Colombo Plan for five years beyond 1961 with the proviso that at the Consultative Committee meeting in 1964 the question of a further five years renewal will be considered.

(b) To make clear that in supporting a continuation of the Plan the Canadian Government is unable to commit itself to any particular level of assistance over any specified period, apart from the present commitments which were announced at Montreal, in 1958.

I recommend that these instructions be approved.[165]

H.C. G[REEN]

[PIÈCE JOINTE/ENCLOSURE]

Note des instructions à la delegation
à la réunion du Comité consultatif du Plan de Colombo

Memorandum of Instructions to Delegation
to the Colombo Plan Consultative Committee Meeting

CONFIDENTIAL [Ottawa], October 15, 1959

THE FUTURE OF THE COLOMBO PLAN

When the Colombo Plan was brought into being in 1950 it was envisaged that it should continue until June 30, 1957. In 1955 the future of the Plan was considered at a meeting of the Consultative Committee in Singapore. It was decided then to continue the Plan until June 30, 1961 and to reconsider its future at the meeting of the Consultative Committee in 1959.

An important decision on the future of the Plan must therefore be taken at the meeting of the Consultative Committee in Jogjakarta. There is no apparent desire on the part of any member to see the Plan come to a halt in 1961. It is making a very important contribution to economic development and an end to the need for this contribution is not yet in sight. If we accept the desirability of continuing the Plan, the first point for decision is whether a renewal should be indefinite or for a specific term of years.

The members of the Plan did not favour an indefinite extension in 1955 and the evidence we have so far of the thinking of other countries does not suggest that they now favour an indefinite extension, except for Australia. The Australians are not inclined to set a terminal date. In our view, however, it would be useful to fix some term of years as an indication that we do not contemplate extending this form of assistance forever. The United Kingdom also opposes an indefinite extension of the Plan. The recipient countries all aspire to be in a position to stand on their own feet some day and they appear to be no more anxious than the donor countries to look upon the Colombo Plan as a permanent operation.

The argument has been put forward by the United Kingdom that periodic renewals provide an opportunity for reviewing progress and also serve to refresh public awareness of the aims and objectives of the Plan in the publicity attendant upon an extension. The Plan is reviewed annually at the meetings of the Consultative Committee but there appears to be merit in reviewing the operation from the longer perspective of at least five years.

If the advisability of setting a fixed term of years for renewal of the Plan appeals to the majority of the member countries, as we expect it will, there remains the question of the length of time of the renewal. Some arguments for a reasonably long period of renewal are as follows:

[165] Approuvé par le Cabinet le 17 octobre 1959./Approved by Cabinet on October 17, 1959.

(a) A realistic appraisal of the situation in South and South-east Asia makes it clear that in spite of some impressive gains, the need for external aid is not likely to terminate quickly. No Asian member country of the Plan is likely to attain in the near future the point where it can generate enough internal capital for a satisfactory rate of development.

(b) The Communist Bloc has been increasing its assistance to countries in the Colombo Plan area. The Communists have set no term of years to their efforts, although Chairman Khrushchev's statement that the Seven Year Plan would enable the Soviet Union to increase its assistance carries the implication that Soviet aid will go on for at least that period. While it would be unwise to allow ourselves to be manoeuvered into the position of trying to top each Soviet offer we should at least give a general assurance to our Asian partners that our aid will continue for a reasonable length of time.

(c) There is a strong desire on the part of the Asian members to be able to count on our aid for a reasonably long period because this is important to them in planning their development programmes.

While some of these arguments would seem to weigh in favour of continuing the Plan for perhaps another ten years, we prefer to see the question reviewed again in a somewhat shorter period than that. We favour extending the Plan for another five years from 1961, with the proviso that at the Consultative Committee meeting in 1964 the question of a further five years extension will be considered. Renewals of five years are more adaptable to the development plans under which a number of Colombo Plan countries are operating. It is necessary to ensure that the possibility of another extension is discussed at least a year before the expiry date of any existing mandate so that member countries may plan their budgets accordingly. The advantage of this scheme is that the possibility of a continuation for ten years is left open but we do not make a definite commitment beyond five years, and the practice which has grown up of review at five — yearly intervals is maintained. There are indications that the United Kingdom, the United States and India will be agreeable to this solution.

The Canadian Delegation should seek agreement of other members of the Plan to a formula on the lines described above. In any statement that is made on this subject the Delegation should make clear that in supporting a continuation of the Colombo Plan the Canadian Government is unable to commit itself to any particular level of assistance over any specified period, apart from the present commitments which were announced at Montreal.

142. DEA/11038-SE-40

Le solliciteur general
au secrétaire d'État aux Affaires extérieures

Solicitor General
to Secretary of State for External Affairs

[Ottawa], June 27, 1960

My dear Colleague:

Following the GATT meetings in Tokyo last October-November I attended the Ministerial committee meetings of the annual Colombo Plan Conference in Djogjakarta, Indonesia. After that conference I paid a short visit to Burma about which I have written to you separately.

Although I have attached the full report[166] of the Canadian Delegation to the Colombo Plan Conference, I thought it might be helpful to review the highlights of the Report and Ministerial Committee. I have also added a few general impressions which I acquired during this tour of South-East Asia, and which may be of interest to you.

Decisions Taken at Colombo Plan Conference

The only major issue which came before the Colombo Plan Conference this year, was the question of extending the operations of the Plan beyond 1961. As you will recall, it was our view that the extension should be limited to a precise length of time in order to provide for serious periodic reviews of the Plan, and to avoid giving the impression that economic aid would continue indefinitely. In these circumstances, Cabinet authorized the Canadian Delegation to propose a formula designed to extend the Plan for five years beyond 1961 with the understanding that in 1964 further consideration would be given to extending it for a further five-year period. This proposal was designed particularly to meet, on the one hand the position of the Australians, New Zealanders and several of the countries in South-East Asia which wished to continue the Plan for a fairly long period, and on the other hand the interests of those countries, including Canada, which wished to limit the extension to a specific period of time. After a fairly exhaustive exchange of views, the Conference decided that the Plan should be extended for five years beyond 1961, and that the Consultative Committee in 1964 would consider the extension for a further period after 1966. This formula, which we worked out with the Prime Minister of New Zealand and the Ministers from Ceylon, India and Australia, fits entirely, I think, within the intent of Cabinet's decision on this matter.

The Conference took three other decisions of lesser importance:

1) Singapore, which has participated in the Colombo Plan over the years as a U.K. dependency, was admitted to full membership;

2) the tenth anniversary of the *conception* of the Colombo Plan will be marked on January 14, 1960 by appropriate national publicity programmes, and the celebration of the *completion* of 10 years of co-operation will begin on July 1, 1961 and conclude with formal commemoration of this anniversary at the Consultative Committee meetings in 1961;

3) upon the invitation of Japan it was unanimously decided to hold the annual Colombo Plan Conference in 1960 in Tokyo.

The Annual Colombo Plan Report

The annual Colombo Plan report which was approved by the Ministers at the Conference consists of four sections:

1) a review of economic progress in the past year;

2) an analysis of "the task ahead;"

3) a review of economic developments in each of the participating countries in South and South-East Asia, and a statement of the contributions provided by donor countries; and

4) a review of technical assistance.

Since it is a long and detailed report you may be interested in a brief review of its more important aspects.

In surveying the developments of the past year, the Report notes that economic conditions throughout the world improved considerably over the previous year and that as a consequence

[166] Voir/See *The Colombo Plan: Cooperative Economic Development in South and South East Asia*, Volume 4, No. 10 (November 1959).

the current outlook appeared brighter for all the countries in South and South-East Asia. Although a review of the situation in each country in 1958/59 indicated that they continued to face difficult internal economic stresses, they were, in general, in a stronger financial position and their balance of payments situations had improved during that period. In these circumstances the governments of these countries, according to the reports of their Ministers to the Conference, expected to be able to make available more domestic resources for their own development purposes in the forthcoming year.

In analysing the task ahead, the Report noted that, since Colombo Plan countries comprised 1/4 of the world's population and 1/6 of the land surface and embraced so many countries at different stages of development, with different cultural backgrounds and different national interests, it was difficult to define in detail the tasks ahead. In general, however, the goal of each and every member country, most of which are still living at subsistence, or near subsistence levels, is "to achieve the momentum of economic progress which will make it possible for them to go forward in self-reliant growth." As these countries move ahead towards this objective, the demands on their resources will grow and expand, and their governments will face difficult decisions in allocating their resources among programmes which are designed to promote basic economic development and those that will provide immediate social benefits. In these circumstances these governments recognize the need to plan the use of their resources carefully, and to apply the benefits of modern science and technology as widely as possible. Furthermore, the Report continued "governments both inside and outside the area face a continuing task of appraisal and of maintaining enthusiastic public support for the cooperative development effort."

While it was fully appreciated that "the countries in the area have produced, and must continue to produce, the major part of the resources to fulfill their goals," it was also clear that very few of them actually possessed or could generate for some time the increasing amount of capital which would enable them to exploit these resources and to finance and carry forward their broad, long-range development programmes. In general these countries realized that the amount of capital in private hands far surpasses that available to governments. Furthermore, it was noted that the demand for capital is high in the better developed as well as the less developed countries. If, therefore, governments in South and South-East Asia wish to accelerate the pace of development in their respective countries, they must take effective measures to create the political and economic climate essential to induce this type of investment.

While the primary burden for economic development rests on each of the countries concerned, it was also recognized that the capital resources being made available through international agencies such as the Colombo Plan, have played and are playing an important role. Indeed it may be said that these additional funds provide the capital and technical assistance which enables these countries to carry forward their programme at an accelerated rate.

One of the most fundamental problems to which the report draws attention is what has been called "the population explosion." Although it was not examined in detail, a number of Ministers raised the matter during the Conference. The Prime Minister of New Zealand in the closing speech of the Conference said that this was the greatest problem of the area and, therefore, one to which all countries needed to give careful attention. In view of the direct and serious effect which the rapid rate of population increase in Asia will have on development in these countries (and indirectly on other parts of the world) it was decided that the problem should be considered in detail at next year's conference.

The Report also draws attention to the following important points:

a) the interrelationship between capital aid and technical assistance and the need to plan projects that develop both physical and human resources;

b) the need for recipient countries to control inflation and thereby derive the maximum benefits from the resources available to them;

c) the need to continue efforts to expand trade and to search for ways and means of diminishing the effects of price fluctuations in international trade.

Finally, this section of the Report recommended that governments should attempt to make the people in their country aware of these tasks and of the efforts that must be made to reach these goals on which an improvement in their standard of living ultimately depends.

General Impressions of the Conference and my Post-Conference Tour

In general this was a Conference in which all of the Ministers and delegations met and exchanged views in a very friendly atmosphere. The Prime Minister of New Zealand, the Honourable Walter Nash, who has attended many such conferences, was undoubtedly the most distinguished representative at the Ministerial meeting, and made, I think, the most worthwhile contribution to the Conference. The President of Indonesia in two addresses to which Ministers were invited, made a number of critical remarks about the colonial powers. It is worth noting that these were regarded as very inappropriate and were resented as much by some of the Asian Delegations as they were by our own and other Delegations, and indeed, on the following day the Minister of Finance from Ceylon made an excellent statement reminding the Asian countries that, although they might have suffered from the effects of colonial domination they are now independent and could no longer continue to blame the colonial powers for their own failures. Apart from these few discordant remarks of President Soekarno, there were few other contentious exchanges between any of the Delegations. The informal discussions which I had with other Ministers and which the members of the Canadian Delegation had with other officials, were very frank and straightforward. Indeed, this aspect of the Conference may have been the most useful phase of these meetings.

My second general impression concerned the role of the Colombo Plan in contributing to the economic development of South and South-East Asia. During my visit I had the occasion to talk with Cabinet Ministers who are directly involved in economic development in their own countries, and I met several Canadian experts who are now serving in these countries, and a number of Asian students who have studied in Canada under our technical cooperation programme. I also had an opportunity to see how some of our capital aid grants are being put to use in these countries. On the basis of these discussions and visits, I am certain that the economic aid, which Canada and other countries is providing, gives the impetus as well as some of the essential capital assistance which enables these countries to plan and carry forward their development at a faster pace than they would otherwise be able to do.

One of the deepest and most moving impressions of the Conference and my tour was the vast difference in race, religion, language, culture and history and in the political, social, and economic outlook which exists between West and East. Countries in both "worlds" must continue in their efforts to bridge this gap in the years ahead. I think that the Colombo Plan is a very important and practical step in that direction. It is these intangible but very real results that are helping to create essential foundations of mutual understanding which may be as important in the long run as the basic physical structures to which we are making such a significant material contribution.

With regard to our aid programmes I wish to mention briefly one important point which relates to the question of providing a small amount of capital aid to non-Commonwealth countries as part of our over-all annual Colombo Plan programme. As you know, we have been giving some capital aid to this group of countries for some time, but when the grants, which were formerly approved for this phase of our programme have been expended, no further funds (except for the provision of wheat and flour) will be available to them. In my talks with Ministers from non-Commonwealth countries and in the discussions which members of the Delegation had with officials from these countries, it was made clear to us that the political and economic benefits which were derived from the small amount of aid Canada has given were far greater than we had reason to expect. Although they realized that India and Pakistan were in relatively greater need of aid, Ministers and officials of these non-Commonwealth countries expressed the hope that Canada would continue to provide, at least small capital grants for high priority economic development projects. I could not, and did not, of course, give them any encouragement or reason to expect that Canada would offer further capital aid. However, I did assure them that we would consider expanding our programme of technical assistance in their countries. Since their arguments, many of which I have not listed here, seemed to have considerable merit I have asked the officials who attended the Conference to prepare for you a detailed report on these discussions. I would personally support the view that the non-Commonwealth countries should receive a small amount of the total $50 million Colombo Plan Vote for small capital aid projects.

The one final, significant impression of my tour concerns Canadian trade relations with countries in this area. I did not, of course, have an opportunity to meet the business community in these countries and I did not have lengthy discussions with the staff in the Canadian posts who are concerned with trade. Within these limitations, however, I gained the impression that Canadian business had not made any significant progress in opening up or expanding new markets for Canadian goods and services. Indeed I was told that some Canadian firms have lost ground over the past few years. Some of the difficulties which the Canadian businessman has in trying to establish himself in these markets are as follows:

(1) Canadian commodities are, in general, not competitive in price with those produced by other countries, particularly Japan and Western European countries. Indeed I understand that importers and consumers in South and South-East Asia are so price-conscious that often quality is of secondary importance to the net price of the product. At the same time, Canadian commodities and products which have been supplied under the Colombo Plan have, by their quality, made a very good impression.

(2) Shipping costs from Canada, which are set by the Pacific Westbound Conference are high apparently in comparison to those which are paid by other exporting countries.

(3) Those Canadian businessmen who have attempted to establish themselves in these markets, have found the competition extremely sharp especially since traditional suppliers, partcularly from Western Europe, are firmly entrenched, and were able to maintain a fairly tight control on the market. Moreover these older businesses have developed field maintenance facilities over the years which enabled them to service their products quickly and economically.

(4) Importers had acquired a familiarity with the products and servicing facilities of these older firms, and, unless Canadian (or other) producers are able to offer a substantial saving in price and availability, the Asian consumer is not prepared to change supplier.

(5) Shortage of foreign currency and import restrictions, particularly against Canada as a dollar country, had inhibited, and will probably continue to restrict the amount of trade Canadian businessmen can develop with these countries.

(6) Although there is a small but steady flow of Canadian businessmen through these countries, exploring new opportunities for their product, I understand that many of them go away with the attitude that the difficulties of doing business outweigh the returns that would be forthcoming from any investment of their capital and personnel.

(7) Canadian business has not so far developed the experience and personnel capable of competing in these countries where trade practices are not entirely familiar to them.

There are, I am sure, other reasons which could be added to these, explaining why our exports are not doing well in these markets. I thought, however, that this brief account might give some indication of the more obvious difficulties Canadian exporters have had, and will continue to have, in developing Canadian trade with these countries.

In concluding this letter I wish to say that I think that the Colombo Plan Conference was a notable success and that the Canadian Delegation made a valuable and substantial contribution to its work. In addition I feel that the visit of a Canadian Minister to these countries not only served to broaden their awareness of Canada and the part it is playing in international affairs, but provided their governments with clear evidence of our interest in their welfare and in their future. For me personally and, I am sure, for members of the Delegation, it was a very rewarding and worthwhile experience.

Yours sincerely,

LÉON BALCER

5e PARTIE/PART 5

NOUVEAU COMMONWEALTH
NEW COMMONWEALTH

143. E.R./Vol.11

L'ambassadeur en République fédérale d'Allemagne au secrétaire d'État aux Affaires extérieures

Ambassador in Federal Republic of Germany to Secretary of State for External Affairs

CONFIDENTIAL Bonn, October 7, 1959

Dear Mr. Green,

You were good enough to ask me when I was in Ottawa to give you my ideas on what Canada might do to strengthen NATO. This has encouraged me to send you the enclosed memorandum on what Canada might do to strengthen the Commonwealth.

The Commonwealth could, I am convinced, play in the next decade or two a role more important than it has ever played before but in order to play that role it requires strong imaginative leadership.

The Canadian Prime Ministers of the first forty years of this century are rightly given much of the credit for creating the kind of Commonwealth which it was possible for an independent India, Pakistan and Ceylon to join. There is an opportunity now for Mr. Diefenbaker to take the lead in creating a new kind of Commonwealth. This new Commonwealth could have stronger links between its members than the Commonwealth of the forties and fifties. It could have more common institutions. It could cooperate more closely on more common tasks. Such a Commonwealth could make a great contribution to the peace, freedom and prosperity of the world.

I have tried in the programme set forth in my memorandum to translate into specific policies and proposals many of the general principles which Mr. Diefenbaker has long advocated such as the strengthening of the Commonwealth and of the rule of law, the abolition of racial discriminations, and greater economic assistance to under-developed countries.

Previous prime ministers of Canada have not found it possible to put forward a programme of the kind I have outlined. Up to the end of the war they were inhibited by a fear that this kind of development might diminish Canada's independence as a nation. In a world which is dominated by two super-powers, the United States and the Soviet Union, this consideration has little relevance.

I hope that you may find that some of the ideas in my memorandum are helpful.

I look forward to seeing you in Paris. I appreciate greatly the time you gave to talking to me when I was in Ottawa last month.

With kindest regards,

Yours sincerely,

ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassadeur en République fédérale d'Allemagne

Memorandum by Ambassador in Federal Republic of Germany

CONFIDENTIAL [Bonn], October 7, 1959

CANADA AND THE STRENGTHENING
OF THE NEW COMMONWEALTH

1. The new Commonwealth is predominantly Asian and African, predominantly coloured, pre-dominantly under-developed and poverty-stricken. By 1960 it will consist of four white nations with a total population of about 85 millions, seven coloured nations with a total population of about 570 millions, and one nation (South Africa) where twelve million coloured people are ruled by three million whites. (The United Kingdom (52 m.), Canada (18 m.), Australia (10 m.) and New Zealand (2.5 m.). India (425 m.), Pakistan (85 m.), Nigeria (37 m.), Ceylon (10 m.), Malaya (7 m.), Ghana (5 m.) and West Indies (3.5 m.).

2. It is today more important than ever before that the Commonwealth be bound together by strong links for a strongly united Commonwealth can be a firm bridge between the democracies of the West and the newer democracies of Asia and Africa. Moreover the strengthening of the links between the members of the Commonwealth will tend to counterbalance, at least to some degree, the overwhelming weight of the United States within the Free World.

3. The task of strengthening the links between the members of the Commonwealth is one of great difficulty and delicacy. There are many obstacles to be avoided. Thus there must be no impression given that the four white members consider themselves superior to the coloured members or that they belong to an inner group in the Commonwealth. The newer members are touchy about their newly acquired independence. They must be persuaded that a stronger Commonwealth does not diminish their independence; that instead it adds to their influence.

4. Moreover the Commonwealth cannot be strong if its members are weak. If the under-developed nations of the Commonwealth are to be strong members of a strong Commonwealth they must receive a good deal more economic and technical assistance than they are receiving today.

5. This memorandum puts forward a nine-point programme for strengthening the Commonwealth.

* * * * * * * * * * *

I. *Commonwealth Consultation*

6. The one essential requirement of greater Commonwealth unity is greater Commonwealth consultation, and greater exchange of information among Commonwealth countries. The motto of the new Commonwealth must be "Consult, consult, consult." This is a principle which members of the Commonwealth readily affirm but the reality of the consultation which in fact takes place among the members of the Commonwealth is often remote from the ideal.

7. Canada might therefore propose that Commonwealth ministerial meetings be held more frequently. The Commonwealth prime ministers might meet regularly once a year. The Commonwealth foreign ministers might also meet once a year. The regular annual meetings of the Commonwealth finance ministers would continue and there might be meetings every two or three years of some of the other ministers. A common Commonwealth secretariat might be

established for the organization and preparation of the regular ministerial meetings. In each Commonwealth capital there might be fortnightly meetings of the Commonwealth high commissioners with the Minister for External Affairs and some of his senior officials. In each foreign capital there might be fortnightly meetings of the ambassadors from the Commonwealth countries. The daily meetings of the heads of the Commonwealth delegations held during the U.N. General Assembly should be so organized as to be effective. In the governments of the larger Commonwealth countries there might be a special junior minister of Commonwealth relations who would be the second-in-command of the Foreign Office.

II. *The English Language within the Commonwealth*

8. The English language is one of the strongest links in holding the new Commonwealth together. One of the effects of self-government, certainly in the Asian members of the Commonwealth and particularly in India, is a serious weakening of the position of English.

9. Unless present trends are reversed in India, for example, many members of the governing classes in India will, twenty years or so from now, no longer be fluent in English. Leaders of India such as Mr. Nehru recognize how disastrous this will be to India since it will weaken the links between the governing classes in the various regions of India and will make it much more difficult for Indian engineers, managers, and scientists to keep up with advances in the rest of the world. But out of its own resources India will find it difficult to maintain and strengthen the position in India of the English language. A great and sustained effort is required to help India to improve the teaching of English in the secondary schools of India. Thus it would probably be necessary to set up in India a series of institutes for training Indian secondary school teachers to teach English by modern methods of language instruction. It would be necessary to train the teachers who would teach at these institutes. The British Council has been doing good work in this field but its resources are meagre compared with the vastness and the urgency of the task.

10. Perhaps Canada could propose that the white Commonwealth countries embark on a programme to assist India and the other new Commonwealth members in Asia and Africa to preserve and extend the knowledge of English in their countries. Such a programme to be effective could cost up to $5 to $10 million a year of which an appropriate Canadian share might be about thirty percent. This could be paid out of the Colombo Plan vote.

III. *Commonwealth Language Institute*

11. This proposal on the teaching of English might be complemented by a proposal for the establishment of a Commonwealth Language Institute which would stimulate and facilitate the study of all the main languages of the Commonwealth. Its headquarters might be established in Ottawa. The Canadian Government might offer a suitable site and a substantial contribution towards the building. Satellite schools could be established in other Commonwealth countries.

12. At the Commonwealth Language Institute and its branches persons going out to Commonwealth countries as government officials, diplomats, businessmen, educationalists, missionaries, or on a technical assistance mission, could be given training by the most modern methods of language instruction in whatever language they will need in the country they are going to, whether it is Urdu for West Pakistan, Bengali for East Pakistan, or Hindi for Northern India. Similar persons who come to Canada with insufficient knowledge of English or French could be given courses.

13. The Institute might also do studies on how to improve existing methods of language instruction. Such studies would be helpful to countries like India which are trying to spread knowledge of a national language over the whole country.

14. Part of the expenses of the Institute would be met out of tuition fees. The other expenses could be covered by contributions from all the participating Commonwealth governments. The Canadian contributions might come out of the Colombo Plan vote.

IV. *Appreciation in the West of Asian Cultures*

15. Two of the basic reasons for tension between the Asian democratic countries and the Western democratic countries are the persistence of racial discriminations in the West and the lack of appreciation by the West of the ancient cultures of Asia. The free countries of Asia, and especially the Commonwealth countries in Asia, would be touched and impressed if the Prime Minister of Canada were to urge the necessity of the white Commonwealth countries learning more about the rich and varied cultures of the Commonwealth countries of Asia. The amount of money which could profitably be spent on this by the white Commonwealth countries, in addition to what is now being spent by UNESCO, might perhaps be half a million dollars to a million dollars a year of which the Canadian share might be $150,000 to $300,000.

16. This proposal to strengthen the cultural links between Commonwealth countries might be linked with the proposal for a Commonwealth Language Institute since the Institute in its research in languages would inevitably be involved in a study and appreciation of the cultures and customs reflected in those languages.

V. *Racial Discriminations*

17. The Prime Minister, because of his hatred of racial discriminations and his belief in the necessity of defending and extending human rights and fundamental freedoms, might propose to the United Kingdom, Australia and New Zealand that the four white Commonwealth countries take a lead in urging that the Western world move with all deliberate speed to the abolition of all remaining racial discriminations. This would increase the strain between the white Commonwealth countries and the majority of the three million whites in South Africa but it would improve relations with the 580 million coloured citizens of the Commonwealth. For Canada to take a lead would involve it in a risk that opponents would say that we should end the racial discriminations in our immigration laws and practices. We would however be on sound ground in replying that the essential problem now before the world is that of removing discriminations on grounds of race among those who inhabit a certain country and that in Canada there are on the statute books of the federal and provincial governments no laws discriminating on grounds of race between inhabitants of Canada.

VI. *Assistance to Under-developed Countries*

18. It is appropriate for the United States to take the lead in urging that more capital assistance be given to under-developed countries to speed up their economic development since the United States is so much the largest potential contributor. Canada might however take the lead in urging that the white members of the Commonwealth and other Western countries give assistance to the under-developed countries in ways other than increased capital assistance and increased technical assistance.

19. The slogan might be "Aid by Trade." Here the central problem would be to secure the support of the more developed industrial nations for a policy of lowering their barriers to the import of the low cost simple manufactured products of the underdeveloped countries. This

would require some painful readjustments and structural changes in the economies of the more advanced countries. Thus structural changes in the cotton textile industries of the Western countries would be necessary if Western textile industries were no longer to attempt to compete with the textile industries of India and Japan in producing the cheaper qualities.

20. Western countries, like Germany, which maintain extremely high taxes on tea and coffee, might reduce these taxes in order to increase consumption.

21. International commodity stabilization schemes might be introduced in order to mitigate the wide fluctuations in the prices of the principal staple exports of the under-developed countries. During the recent slump in raw material prices some under-developed countries have found that the aid which they were receiving from Western countries was a good deal less than the drop in their foreign exchange earnings resulting from the fall in the prices of their staple exports.

VII. *International Organizations*

22. The resources available to the International Bank and the International Monetary Fund have been increased lately partly as a result of the initiative of Canada and other members of the Commonwealth. Perhaps the Commonwealth could take the lead in other agencies of the U.N. in an effort to make them likewise more effective instruments of the world community, especially in helping the Asian and African members of the Commonwealth and other under-developed countries. What is required is first of all a re-examination of the work and objectives of each of the agencies in the light of the experience of the ten years or more since it was founded. The members of the Commonwealth might cooperate in making such a re-examination. The re-examination might indicate that amendments to the international agreements establishing the agencies were required and that increases in the budgets of the agencies in order to accomplish specific programmes of special value to the under-developed countries would be justified. Canadian support for such increases could be accompanied by renewed Canadian insistence on increasing the efficiency of the organizations and eliminating waste. The organizations concerned are the Food and Agricultural Organization, the International Civil Aviation Organization, the International Labour Organization and the World Health Organization. If it were found necessary to increase the budget of each of these by twenty percent the cost to Canada would be about $225,000 a year.

VIII. *International Court of Justice*

23. The Prime Minister might become the leading advocate in the Western world of the strengthening of the International Court of Justice. This means the acceptance by all nations of the jurisdiction of the Court in all justifiable disputes. It means strengthening the membership of the Court. Some of the present members of the Court are unfortunately not first rate.

24. Pending amendments to the U.N. Charter and the Statute of the Court making the Court's jurisdiction compulsory three forward steps could be taken. The Prime Minister might propose that all the members of the Commonwealth accept without reservation the jurisdiction of the Court in all justiciable disputes with each other. He might propose an amendment to the North Atlantic Treaty under which the members of NATO would likewise agree to accept without reservation the jurisdiction of the Court in all justifiable disputes with each other. (We and the French were prepared to accept such a provision when the North Atlantic Treaty was being drafted). Finally Canada could propose a resolution in the United Nations urging that all future international treaties and agreements whether bilateral or multilateral should contain a provi-

sion that if a dispute between the parties on the interpretation of the agreement could not be settled by other means any party to the agreement could bring the issue before the International Court and that the decision of the Court would be final and binding.

IX. *Commonwealth Airlines*

25. The formation of Air Union in Western Europe composed of the airline companies of France, Germany, Italy and Belgium indicates that it may become increasingly difficult for national airline companies other than those of the United States and the Soviet Union to exist as independent companies in the field of international air transport. Perhaps the best solution for Canada would be to pool its international air services (other than those across the border to the United States) with the air services of the other Commonwealth countries — BOAC, BEA, Air India, Air Pakistan, QANTAS, etc. The resulting company might be called "Commonwealth Airlines" or "Air Commonwealth." The aircraft of this company flying the flag of "Air Commonwealth" would be a symbol of Commonwealth unity throughout the world.

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26. How a programme to strengthen the Commonwealth could best be put forward by Canada to other Commonwealth Governments requires most careful examination. Perhaps the first step, after the Canadian Government had decided on the scope and nature of the initiatives it wished to take, would be to discuss the matter very discreetly with the United Kingdom Government. After their views had been taken into account similar discreet bilateral conversations might take place with the Indian and Pakistan Governments, and with the Governments of Australia and New Zealand. The programme as revised in the light of these informal soundings might then be put in the hands of all the Commonwealth Governments as a set of confidential working papers to be discussed first at meetings of officials and then at a formal Commonwealth Conference. What is essential is that the programme which finally emerges should be a Commonwealth programme which all the member nations of the Commonwealth feel they have had a part in framing.

144. DEA/12684-40

Projet de note de la Direction du Commonwealth

Draft Memorandum by Commonwealth Division

SECRET [Ottawa], December 2, 1959

NOTES ON AFRICAN DISCUSSIONS WITH BRITISH OFFICIALS

Three officials of United Kingdom Government Departments which participated in the preparation of the paper *Africa: The Next Ten Years* visited the Department on November 26 and 27, 1959 to discuss the paper and recent African developments with interested Canadian officials. The British team consisted of C.G. Eastwood, D.W.S. Hunt and A.D.M. Ross. All are Assistant Under-Secretaries in the Colonial Office, Commonwealth Relations Office and Foreign Office respectively. Four meetings were held on the two days with Mr. J.W. Holmes as Chairman. Mr. Gill and representatives from Commonwealth, European, Far Eastern, Middle Eastern, Defence Liaison I, Defence Liaison II, Economic I and Economic II Divisions attended. In the discussions the British paper was used primarily as background. The following notes are intended as a record of the principal points which emerged during the meetings.

1. *Time Element in the Emergence of African States*

A. *Political Considerations*

Although the paper *Africa: The Next Ten Years* examined the evolution toward complete or partial independence of presently dependent African territories as encompassing all or parts of the next decade, the British officials said at once that generally speaking advancement would probably be more rapid than anticipated. In some cases it might be twice as fast. It remained true, however, that the accelerated rate of progress would differ from one area to another. They thought for example it was unrealistic to envisage ten years for the independence of the French territories in Africa. Kenya also, given local conditions, might move faster. By contrast solid progress in Tanganyika was being made at a much slower pace. These variations in pace are due to many factors which differ from one area to another. The personality of leaders, African or European, the presence or absence of a European group and its size; numerical strength and level of cultural advancement of the African society, economic resources and the character and extent of their development are but a few of the forces which contribute in different combinations to the speed at which a territory assumes political independence.

The effects of rapid movement to independence were not generally favourable, for a new governmental structure might then rest upon a weak and hastily built foundation. A possible case in point is the Belgian Congo where, after years of paternalistic rule, a large degree of independence would be exercised by the inhabitants in 1960 but by means of political parties which are only now forming. It was the British policy to try to construct or keep, where useful, organs of government so that Africans who could govern would gradually move up a ladder of increasing responsibility. In some parts of the continent these organs had developed well as in Nigeria, although they often showed strong characteristics of authoritarianism. This was not necessarily disadvantageous where they bear a relationship to the old tribal associations.

In territories where there are large and powerful European and Asian minorities the pace of advancement, the British felt, may be relatively slower. In such parts of the continent the preferable goal seemed to be a multi-racial state. The attainment of this goal requires more education and experience on the part of all participants. Independence might well be achieved before the next ten years have passed, but it may not come earlier than in purely African states. Kenya and the Federation of Rhodesia and Nyasaland were examples of this type.

B. *Economic Considerations*

It was pointed out that economic factors had a bearing on the pace of political development. The British officials agreed that this was so, but it was most difficult to generalize because the possibility of variation was so great. They did stress that the economic potential of Africa should not be over-rated. True, there was still much scope for economic growth because the continent was still under-developed, but speaking relatively, Africa did not have the economic potential of some of the other continents at the same stage of development. In Africa many of the best agricultural areas had been taken up and often were in the hands of the Europeans. Generally speaking Tanganyika and large parts of West Africa for example were poor areas. Yet, as indication of the variation of advancement possible, Tanganyika was coming forward slowly and solidly while the West was that part of Africa in which political independence had been achieved most rapidly. From the economic point of view poverty of resources and accompanying lack of opportunity are, it was felt, important contributors to the rate at which states will move towards independence. When independence had been assumed hastily the economic problems were compounded by a lack of trained technical personnel. Guinea felt this scarcity when it left the French Community. A slower approach as in Nigeria and East Africa provided more opportunity for the resources of the metropolitan power to help in training and in providing experience for personnel while learning.

Irrespective of the degree of economic strength or weakness which any one area might possess, it was agreed that nationalism was the compelling factor. The achievement of national status would not be held up indefinitely by adverse economic facts. Most Africans, no matter how weak might be the viability of the independent unit for which they are striving, feel they would do better on their own. They have been encouraged in this by the examples of Ghana and Guinea. Nigeria will provide an additional encouragement.

2. *Primacy of Africans In Sub-Saharan Africa*

A study completed recently at the request of the Committee on Foreign Relations of the United States Senate by the Programme of African Studies of Northwestern University concluded "United States policy ... should be guided by expectation of the primacy of Africans in all Subsaharan Africa." When asked if this expectation was justified the British officials agreed that it was so in their territories and the Federation of Rhodesia and Nyasaland. In Tanganyika they felt that the primacy of Africans in the affairs of the territory had been practically accomplished, although Tanganyika was not yet completely self-governing. This was evident they thought in the acceptance and successful operation of political parties combining all races but in which the dominant role was played by Africans. They hoped the same thing would take place in Kenya and it was the view of the C.R.O. representative that a similar situation was developing in the Federation. This interpretation was not debated although it implied a C.R.O. view that any political party in which Africans participated was indicative of progress toward a goal of African primacy, even though, as yet, those taking part had little or no support from the bulk of Africans living in the area.

All agreed that the primacy of Africans in the political life of the Union of South Africa was very remote. It was nevertheless bound to come but would not be accomplished quickly. As more of Africa became independent the moral pressure on the Union would increase. The Union could be expected to resist this pressure as long as possible, but how long it would be able to do so involved too much prophecy. The same view seemed to be applicable to the Portuguese territories but there was very little knowledge of these areas. It was agreed, however, that a change to a more democratic régime in Portugal could change the lack of progress toward African primacy in the Portuguese territories which seems to prevail now.

3. *Character of the Break Leading to Independence*

The British pointed out that the mood on both sides when an African territory assumed independent status was very important. Much of the favourable effect of a wise and careful policy of political advancement and economic development could be lost, if the separation took place under unfriendly circumstances. Ghana and Guinea might be cited to illustrate favourable and unfavourable separations from metropolitan control.

4. *Separate Area Discussion (Dependent Territories)*

A. *Sierra Leone*

There is a desire here, the British officials reported, for independence soon, before 1963 if possible. The independence movement is in the hands of a moderate group who want to be able to play a part in African meetings with Ghana, Guinea and Nigeria. This participation could be useful if the moderate element maintains control in Sierra Leone. Although the U.K. has some reservations about the economic viability and financial independence of Sierra Leone as a Commonwealth member, and is not sure how it would be welcomed by other Commonwealth members, some commitment regarding independence will probably be made when a delegation goes to London early next year. The accession of Sierra Leone will perhaps have to be discussed at the next Commonwealth Prime Ministers' meeting. While there is no thought of a second-tier Commonwealth association the acceptance of Sierra Leone would raise the whole matter of the acceptance of small areas into Commonwealth membership. The presence of

Sierra Leone might also affect regional associations which are not working very well, such as the West Indies Federation, by encouraging separatist tendencies within them on the part of participants like Jamaica. Sierra Leone has a certain strategic value in that the airport near Freetown is an alternate to Kano in Nigeria on the U.K. staging route to the Middle and Far East.

B. *Federation of Rhodesia and Nyasaland*

The British officials reported that the factual survey commission had completed its work and as was known the composition of the Monckton Commission had been announced by the Prime Minister except for the United Kingdom Parliamentary representation which was still being discussed with the Opposition. The work of the Monckton Commission would enable a review of the 1953 Federal Constitution to follow. The British have the impression that Sir Royal Welensky realizes independence is not possible in 1960 and 1961. They believe that he and Sir Edgar Whitehead, Prime Minister of Southern Rhodesia, are practical leaders who know that African advancement is essential to the establishment of partnership and the eventual independence of the Federation. They also realize that this advance must go forward as rapidly as possible. The British held that considerable progress was being made in this regard. In Southern Rhodesia they felt most Europeans, except some of the more recent arrivals, were determined to make a success of the Federation as a multi-racial partnership and this was the policy of Her Majesty's Government as well. The Central Africans are relatively few in number but quite backward and had little tribal cohesion. Those who were better educated were thought to be aware of the advantages, especially economic, to them of federation. They also preferred it as an alternative to any arrangement which would increase the influence of the Union of South Africa. The British view was that Nyasaland would emerge as a black state and Welensky has accepted this, but the need for African advancement to undertake governmental responsibility applies as forcibly as in the other parts of the Federation. Time is required here as elsewhere but the problem was greater because the Nyasas have no great enthusiasm for the Federation. The African National Congress approach of complete independence reflects their views more accurately. Her Majesty's Government however is of the opinion that continued participation in the Federation is the best solution because of Nyasaland's poverty. It lacks the economic resources for independence outside the Federation and benefits from the association with Northern Rhodesia where Nyasas can find work in the copper mines.

The British officials did not indicate that they felt any apprehension that the terms of reference of the Monckton Commission would limit the scope of its inquiries. They pointed out that the Commission was regarded as free in practice to hear all points of view from whatever quarter and on whatever subject. They also observed the object of Her Majesty's Government had been to establish a body having the confidence of all in the Federation as well as the United Kingdom. They gave the impression of not wishing to be drawn into a discussion of whether in fact the Monckton Commission would by its terms of reference be able to report on any form of association other than Federation.

In reply to a question as to whether or not the policies in the Federation are different from those in British territories elsewhere the answer was that they are not except that in the Federation there is in reality a race against time to achieve a working partnership among the races. This race against time derives from the programme of advancement in the other parts of the continent e.g., Nigeria, Tanganyika, Belgian Congo which creates unrest among Africans in the Federation and who, as stated, have a long way to go before partnership can be an actual fact. "Partnership," it was agreed, was a loose term subject to many interpretations. The British officials understood this to mean a form of association in which colour or race were not considered as factors having any bearing on political activities or economic advancement. The

successful achievement of partnership required of course progress by Europeans as well. There were still Europeans, the British officials agreed, who felt safeguards would be required to prevent them being overwhelmed politically by the numerically superior Africans. They hoped this feeling would disappear. In this the association of Africans and Europeans in trade unions, as in the copper mining area, was helpful. The British officials nevertheless had to agree with the observation that small everyday actions were significant in shaping attitudes between the races. An understanding here by the Europeans would hasten the evolution of a true partnership. It was noted that the sympathetic interest and approach of the United Kingdom to race relationships in the Federation was easing and accelerating the process.

C. *Northern Cameroons*

The vote against inclusion in Nigeria was as much of a surprise to the British as to others, and they foresaw serious administrative problems until another plebiscite could be arranged. They attributed the adverse vote to local dislike of the Northern Region's native administration rather than opposition to affiliation with Nigeria. The wording of the ballot also provided an opportunity to vote negatively rather than to choose between two positives, i.e., Nigeria or Cameroon. In such a case, and the British hope the second plebiscite would require such a choice, the Northern Cameroons would probably have voted for Nigeria. Since it is not practicable to have another vote before 1961 the British will have to administer the Northern Cameroons after Nigeria becomes independent in October 1960. It is possible that the recent election could affect the December election in Nigeria causing the Northern Peoples' Congress to lose perhaps 30 seats.

D. *East Africa*

In *Tanganyika* progress toward self-government was most encouraging due largely to the absence of a large European element in the population and the reasonable attitude of Julius Nyrere, the African leader. As a consequence of the recent Ramage Report on constitutional change there would probably be a wider franchise and an expanded legislative council of 50 elected Africans, 10 Asians and 10 Europeans. *Kenya* has many and greater problems than Tanganyika but the relaxation of the emergency regulations, the proposed opening of the White Highlands to African farmers, a new governor and a new Colonial Secretary were all thought to augur well for an improved political situation in the colony and some progress toward more responsible African participation in the government. A plethora of political parties complicated the discussion and adoption of any new plans as did the irresponsible activities of African Congress leaders like Tom Mboya. The picture of what might develop in *Uganda* was not clear. There was no nationalist leader who commanded much support. It was considered doubtful that full internal self-government could be achieved by 1970 which in any case was not a target date.

E. *French Territories*

The British think that the French have a different view of the "Community" now than they had when the paper on Africa was written. They are prepared now to accept the probability that the Mali Federation and other parts of the Community will become independent at a date earlier than that foreseen at first. This acceptance has made the French less "tense" and has perhaps helped to lessen the suspicion of British policy in Africa which they have had for many years. With the trend toward separation coming into full flood it could prove increasingly difficult for areas like the Ivory Coast to maintain the close association with France. Within French territories south of the Sahara Algeria does not complicate the relationships with France. The majority of West Africans do not identify themselves with the peoples of the Mediterranean shore to any marked degree despite similarities of religion.

F. *Congo*

A rapid programme has been drawn up for the Congolese. On paper it is imaginative. By the end of 1960 the people will have had to decide on the type of state and its relationship to Belgium.

5. *Relations Among African States*

Consideration of relations among African states which are independent applies principally to West Africa. In attempting to understand these relationships and perhaps make a judicious guess as to the pattern of future relations, the irrationality of African borders has often been brought up as one matter which it is thought would very soon affect international relationships in this part of the world. The feeling has been that Africans would wish to alter the boundaries to eradicate numerous anomalies which were believed to complicate tribal and economic affiliations. This so far has not been a particular problem. Irrational boundaries in a manner of cases seem to have become solidified.

The Ghana-Guinea union is another aspect of African relationships which has attracted attention. The union, the British have found, has remained largely an idea. Eventually it might become closer economically and politically but is believed, and with this there was general agreement, that each state will retain many of its own institutions. The idea was also a matter of personal prestige between the leaders with the impetus coming mainly from Dr. Nkrumah. This could be attributed to expansionist tendencies growing out of a desire to diminish the influence of Nigeria in West Africa and internationally once that state becomes independent in October 1960.

The view that in all probability Nigeria will occupy herself with internal political and economic development was accepted. To date Nigerians have shown little interest in such things as the All-African Conference. They have likewise paid little attention to political changes and prospects in adjoining areas. One possible exception is the Niger territory to the north with which there is some degree of cultural and economic association, and Nigerian interest, the British thought, might well become greater if the Niger territory were to drop away from the French Community.

There are few relations between independent African states and the Union of South Africa. Any degree of association, however small, immediately raises so many problems of outlook and interpretation that little progress toward even a small measure of co-operation can be made. Nevertheless the Union seems to be trying currently to work up some friendship with Ghana.

6. *Relations Between Africa and Other Parts of the World*

A. *The U.A.R. and U.S.S.R.*

The British paper had pointed out that a similarity exists between the aims in Africa of the U.A.R. and the Soviet Union. The objective was to subvert the Western position in Africa by keeping alive an anti-colonial theme and by posing as sympathetic supporters of African independence movements. This has been directed at West Africa where it was associated with the Moslem affinity and at East Africa through radio propaganda in Swahili. The Canadian view that the U.A.R. was naturally sympathetic to African independence movements but that the policy was not aimed at political control or close cultural and economic association was advanced. This policy was similar in many respects to that of the Soviet Union but was not part of it. The U.A.R. had become more realistic in its attitude toward emerging African territories and accepted the fact that British policy did have as it goal the independence of British territories. The British officials agreed that the paper was out of date in its appraisal of U.A.R. aims in sub-Saharan Africa and accepted the Canadian interpretation. They welcomed our understanding of the U.A.R.'s view of their African policies. It was agreed by all that the anti-colonial theme of the U.A.R. and the U.S.S.R. would continue to be directed toward Africa.

The Soviet Union was not aiming now at the establishment of its system in Africa nor was it trying to stimulate the formation of communist parties there. (Guinea, it was pointed out, was not a link but a model.) Rather, the approach was a sympathetic one — the U.S.S.R. and the Soviet Bloc were ready to make commercial agreements and give economic aid upon request. In its reaction to this the West would lose African goodwill if it tried to draw the Soviet Bloc's interest in African welfare into the arena of the East-West struggle. The needs of the emerging states should be considered as realistically and sympathetically by the West and it should try to do better than the Soviet Bloc in the availability and terms of trading agreements, financial and technical assistance, etc. It would be dangerous to perpetuate the old view that Africa was an economic appendage of Europe existing to redress any imbalance on the Continent.

B. *Canadian Interest in Africa*

In contrast to the United States there was relatively little attention paid in Canada to Africa aside from reporting of open evidence of unrest or U.N. discussions and votes concerned with African problems. The British officials were interested in ideas of means by which they might help to acquaint Canadians with African matters. It was proposed that the Commonwealth Education Plan might be a method by which some exchange at the academic level could be made. In this a European with African experience or an African would be equally useful although it was pointed out that the need for trained Africans at home was pressing.

7. *Economic and Technical Assistance*

Africa's need for capital investment, financial aid, technical assistance is tremendous. The extent of the role the West can and will play in this will have great bearing on the influence it will have in independent African states. Within British territories investment needs are roughly estimated to total £1,000 million over the next five years. Of this the U.K. and African areas could supply £700 million with £450 million coming from the U.K. in the form of technical assistance, exchequer loans, private investment, etc. The gap of £300 million is not considered excessive but of course is applicable only to British territories.

8. *African Defence*

In reply to a question on African defence relationships among African states or with non-African states the British officials said that to their knowledge there was little evidence of much interest in this sort of thing so far. Except for Guinea which had a surfeit of armaments in some categories as a result of its Soviet Bloc agreements, African territories were largely disarmed except for small forces charged with internal control. Armament acquisition for prestige purposes was taking place, as in the case of Ghana, and there was always the possibility of African states building up armaments against one another. As was known the U.K. was making bilateral defence agreements with former British territories to maintain the air staging route to the Middle and Far East.

6e PARTIE/PART 6

RELATIONS AVEC DES PAYS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

SECTION A

ROYAUME-UNI
UNITED KINGDOM

SUBDIVISION I/SUB-SECTION I

VISITE DU PREMIER MINISTRE MACMILLAN À OTTAWA, 18-19 MARS 1959
VISIT OF PRIME MINISTER MACMILLAN TO OTTAWA, MARCH 18-19, 1959

145. DEA/50412-40

Note des conversations du premier ministre avec le premier ministre du Royaume-Uni et le Foreign Secretary du Royaume-Uni

Memorandum of Prime Minister's Conversations with Prime Minister of United Kingdom and Foreign Secretary of United Kingdom

TOP SECRET. CANADIAN EYES ONLY. [Ottawa], March 18, 1959

DISCUSSIONS ON GERMANY, BERLIN AND EUROPEAN SECURITY

The Prime Minister's conversations with Prime Minister Macmillan and Mr. Selwyn Lloyd took place from 10:00 a.m. to noon and from 3:30 p.m. to 5:00 p.m. on March 18. The Prime Minister was accompanied by the Minister of Public Works, Mr. Green. In addition to these private conversations, Mr. Macmillan and Mr. Lloyd met with the members of the Cabinet for approximately one hour.

This memorandum summarizes those parts of the private discussions which dealt with European questions.

Introductory

In welcoming Mr. Macmillan and Mr. Lloyd, the Prime Minister said that he looked forward to hearing their views, not only because of the Canadian Government's interest in the problems confronting the NATO alliance, but also because the United Kingdom Ministers would be going to Washington at a time when there had arisen in the United States a considerable intensification of "nationalistic" feeling. Judging from recent pronouncements of United States leaders, Mr. Macmillan and Mr. Lloyd might encounter a tough mood in Washington.

Mr. Macmillan said that there was a dilemma. On the one hand, it was necessary to conduct the affairs of the alliance "firmly and fairly, but with a view to negotiation with the Soviet Union." On the other hand, the life of Europe depended on maintaining close United States friendship and interest. It was as important not to drive the United States back into isolationism as it was to prevent the United States from adopting foolish courses of action. He had had these

thoughts in mind in his visit to the Soviet Union. He was hopeful that any differences which might exist or arise would turn out to be differences of method rather than purpose.

At Mr. Macmillan's suggestion, Mr. Lloyd spoke at some length on their visit to the Soviet Union.[167] He followed generally the lines of reports which we have already received from United Kingdom sources.

Disengagement and Related Problems

On the conclusion of Mr. Lloyd's remarks, Mr. Diefenbaker said that disengagement was the one aspect of Mr. Macmillan's visit to the Soviet Union which had caused some public concern in North America. He was afraid that unless public doubts as to the implications of disengagement could be cleared up, a trend toward isolationism might emerge in North America, manifested in public pressure for the return of American and Canadian forces stationed in Europe.

This question led to an exposition, mostly by Mr. Macmillan, of the distinction made by the United Kingdom between disengagement (physical drawing apart of forces and weapons) and thinning out or limitation. The former term had never been mentioned by the United Kingdom side in Moscow and, he pointed out, the word "disengagement" had not been used in the communiqué. The United Kingdom Government was fully aware of the dangers and disadvantages involved in the creation of a demilitarized zone. (Here Mr. Diefenbaker signified assent.) On the other hand, they saw possible advantages in a system of limitation or thinning out, by which he meant that forces and types of weapons in an agreed area would be fixed and inspected and that no addition could be made without agreement. Mr. Khrushchev, Mr. Macmillan said, had shown considerable interest in this idea, and more than once senior Soviet officials had attempted to probe for further detail. The United Kingdom Ministers had, however, been careful, in deference to the known susceptibilities of the French, the Germans, and the Americans, not to go too far in defining this idea.

Arguing the merits of some such arrangement, Mr. Macmillan said that apart from its value as a potential basis for negotiation with the Soviet Government, it would enable an experiment to be made in inspection and control, at first in a limited area which could later be expanded. Moreover, the United Kingdom Government was convinced that it was necessary to counter the pressure for a Rapacki-type of solution by producing a constructive alternative; a flat negative was not sufficient.

The French and the Germans, Mr. Macmillan said, had accepted his assurance that, in his talks with Mr. Khrushchev, he had not indulged in discussion of disengagement proper. Mr. Diefenbaker said that he thought the United Kingdom Government might have quite a difficult time in explaining their position in Washington. Mr. Macmillan did not demur but professed mild confidence in the outcome of his talks with the President.

At the afternoon meeting the United Kingdom Ministers enlarged on (a) the dangers inherent in the pursuit of disengagement (in the sense of a drawing back of forces) and (b) what they had in mind to implement a plan of limitation. Disengagement led naturally to a neutralized zone from which Western and Soviet forces would be withdrawn and this, in turn, might lead to the departure of United States and Canadian troops from Europe, which was the last thing the United Kingdom and other Western European governments wanted. The concepts of disengagement and neutralization were thus both unacceptable to the United Kingdom.

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[167] Voir/See G. Barraclough, *Survey of International Affairs* 1959-1960 (London: Royal Institute of International Affairs/Oxford University Press, 1964), pp. 17-22.

Mr. Diefenbaker pressed for a precise indication of the size and location of the area of limitation which the United Kingdom had in mind. Mr. Lloyd said that the important thing was to get the principle accepted. The area could be small (100 kilometres on either side of the zone boundary in Germany), or large (Germany, Poland, and Czechoslovakia), or again it might eventually become of even wider extent. To Mr. Diefenbaker's remark that the United Kingdom Government must surely have a concrete area in mind, Mr. Macmillan, emphasizing the danger of putting forward any definite plan at the present stage, indicated that the United Kingdom are considering the feasibility of an area including all of East Germany and at least a large part of West Germany. Earlier in the conversation Mr. Macmillan had said that if a zone of limitation were connected with a new arrangement for Berlin it must, to be of value as a bargaining counter with the Russians, include at least the whole of Germany. Mr. Lloyd thought it possible to envisage a smaller zone for limitation and a larger one for inspection. Again, zones for air inspection need not coincide with those used on the ground.

In reply to the question whether the United Kingdom Government had given up thought of finding a form of "discriminating demilitarization," Mr. Lloyd recalled that Gromyko had revealed some interest in the idea of distinguishing between tactical and strategic nuclear weapons in a given area.

Speaking of the Soviet position on a German settlement, Mr. Lloyd referred to two points which he thought indicated that some plan along the lines now being considered by the United Kingdom might have appeal for the Soviet Government:

(a) The Russians had never mentioned neutralization or demilitarization of Germany, but seemed ready to accept a continuation of the existing division and also of the existing relationships of East and West Germany with the Warsaw Pact and NATO for some years to come;

(b) Towards the end of the visit Mr. Khrushchev had said that he did not expect the West to recognize East Germany *de jure* or West Germany to recognize East Germany's frontiers *de jure*. Even *de facto*, East Germany's frontiers might be "recognized" (guaranteed) through a third party. Mr. Lloyd did not know whether by "third party" Khrushchev had meant the United Nations or the Soviet Union or "some agency." This was a point worth following up, perhaps at the Foreign Ministers' or summit meeting.

Steps to the Summit

Turning to what he referred to as the immediate problem of Berlin and Germany, Mr. Macmillan said that he believed that the largest single achievement of his visit to Moscow had been the disappearance of the Soviet ultimatum[168] (as indicated by the Soviet Note of March 2)[169] and the opportunity and time thus gained for negotiation. It was essential to take advantage of this gain by fixing with as little delay as possible the date of a summit meeting, possibly in early August. Khrushchev was the boss and no one but he could be expected to agree to significant compromises at a conference. Unless a date were soon set, the Russians would use the Foreign Ministers' meeting to force the West into hurried acceptance of a summit conference, whereas if it was established promptly that a summit meeting was definitely to take place, a Foreign Ministers' meeting might turn out to be quite useful by way of preparation. Finally, Mr. Macmillan said, there was the danger that if a Foreign Ministers' meeting broke up in complete failure, the Russians might be tempted to hand over to the East Germans in Berlin, thereby sharpening the crisis. He did not "propose to commit the United

[168] Voir/See Volume 24, Document 304.

[169] Voir/See G. Barraclough, *Survey of International Affairs* 1959-1960 (London: Royal Institute of International Affairs/Oxford University Press, 1964), p. 20.

Kingdom to this kind of situation without having had a summit meeting." Mr. Diefenbaker signified his agreement with this position.

With regard to the procedure leading to a summit meeting, Mr. Macmillan said with some hesitation that he thought that "in their hearts" the French agreed with the United Kingdom; the Germans certainly did. In addition, Chancellor Adenauer had said that if a summit meeting were to some extent successful on Berlin and Germany, the participants should agree to resume their meeting in perhaps four months' time to tackle other outstanding questions. Mr. Macmillan evidently favoured this idea.

Speaking of the United States position, Mr. Macmillan indicated that he hoped to be able to persuade the President of the wisdom of agreeing at once to fixing the date of the summit meeting. The United Kingdom Government had withheld their agreement from the draft reply to the Soviet Note of March 2, *inter alia* because of the importance they attached to Western unanimity on this point. Mr. Macmillan did not think that the United States authorities had really considered the military situation which might have to be accepted if the present opportunity for negotiation were to be foregone.

Berlin

Mr. Macmillan referred approvingly to a remark which Mr. Spaak had made to him on his visit to Paris, that the important thing for the Western governments was to agree among themselves what they were determined to hold on to in respect of Berlin. It was no use talking big now on issues for which the West was not prepared to take a stand later. The difficulty about the American position was that they were so far refusing to accept a distinction between a blockade and an East German stamp mark. Mr. Lloyd remarked that the position might be different if the legal case of the Western powers were stronger. Unfortunately it was beginning to lose its conviction 14 years after the war, especially in view of the agreements reached with West Germany in the Bonn Conventions. Mr. Macmillan said that he was convinced that the "sub-contracting" of Soviet to East German control of access to Berlin would not be a justifiable *casus belli*. Hostile military action by the Russians would be a different thing, and so might a blockade, but the aim must be to prevent such a situation from arising.

Both in the morning and afternoon meetings Mr. Diefenbaker emphasized the importance of guarding against any ill-considered move, such as the placing of the Strategic Air Command on an increased state of readiness at a time of tension, which might lead the Soviet Government to conclude that the West was contemplating large-scale military action. At the afternoon meeting Mr. Diefenbaker asked the United Kingdom Ministers to ensure that the Canadian Government's misgivings on this score were understood in Washington.

Mr. Macmillan described the United Kingdom position on the substance of the Berlin problem in the following terms. The United Kingdom would hope for an agreed system whereby a "small and symbolic" presence of British, American, and French troops, or possibly neutral forces, would be maintained, and whereby some form of United Nations presence would be introduced. He thought that a new title of this kind, guaranteed by the Great Powers and registered with the United Nations, could be a satisfactory means of assuring right of access to Berlin and would provide a firmer base from which to defend the Western position in Berlin before world opinion. Mr. Macmillan seemed to think that the Russians might be prepared to negotiate an arrangement of this kind. (He made no mention of recognition of East Germany as an element in such an arrangement.)

In reply to a question from Mr. Green as to the probable West German reaction, Mr. Lloyd said that he was not sure. Referring, however, to conversations with Brentano and senior German officials, he added that the Germans were realists and appreciated the importance of finding a negotiated settlement. He was sure that "all Europeans know that they aren't going to

fight over the ticket." President de Gaulle had made it clear to him that what he meant by "blockade" (i.e., as a possible justification for military action by the West) was "physical obstruction," not a change of nationality at the control posts. European governments would have to satisfy public opinion that there was a cause worth fighting for. Mr. Macmillan associated himself emphatically with this view.

German Reunification

Mr. Diefenbaker asked whether there had been a change in United Kingdom thinking on the reunification of Germany. He had had indications that the United Kingdom Government was now prepared to contemplate Germany's continued division, allegedly because of apprehensions that a reunified Germany would become too strong.

Before replying directly, Mr. Macmillan said that the French held the view outlined by Mr. Diefenbaker; that the Russians, to his surprise, had indicated that they desired the *status quo* in Germany; and that Chancellor Adenauer had last week indicated quite clearly his opinion that Germany could not be reunited without war. The United Kingdom, Mr. Macmillan said, recognized that the Western position of 1955 on reunification was now unrealistic. On the other hand, the West could not publicly admit the impossibility of reunifying Germany on satisfactory terms, and some hope of reunification, perhaps through the encouragement of more contacts between East and West Germany or even by some form of confederation, must be held out. In the United Kingdom view the worst possible solution was a reunited and neutral Germany. Such a solution would be very dangerous as it would enable the Russians to draw Germany into the Soviet orbit, e.g., by selling out Poland and restoring the Eastern provinces to Germany.

Mr. Diefenbaker said that as recently as last November, Chancellor Adenauer had indicated to him that he was not prepared to give up the aim of reunification. Mr. Dulles' statement at a press conference that free elections were not the only avenue to reunification must have had an impact on the Chancellor. Mr. Macmillan replied that Adenauer was aware that a reunified Germany would not be a Germany dominated by "civilized elements." Control would pass to the Prussians and the Socialists and Germany would be dragged more and more to the left. Nevertheless, Mr. Macmillan concluded, it was important for public purposes to feed the latent German longing for reunification.

146. DEA/50412-40

Note des conversations du premier ministre avec le premier ministre du Royaume-Uni et le Foreign Secretary du Royaume-Uni

Memorandum of Prime Minister's Conversations with Prime Minister of United Kingdom and Foreign Secretary of United Kingdom

SECRET [Ottawa], March 18, 1959

QUESTIONS RELATING TO DISARMAMENT

There was very little discussion of these topics in either the morning or the afternoon meeting.

Mr. Lloyd remarked on the keen interest which Mr. Khrushchev had shown in the idea of trying to control nuclear tests by means of a limited number of investigations by an international control body in a given period. This idea had been put forward informally as a possible means of meeting the intense Soviet fear that an international inspectorate would give opportu-

nities for Western espionage within Soviet territory. Mr. Lloyd said that senior Soviet officials had more than once approached the United Kingdom side for further details, and although none had been given the idea might be worth following up, perhaps at the time of resumption on April 13 of the conference on nuclear tests.

Mr. Lloyd also said that, with regard to the issue of composition of inspection teams, he had received the impression that the Soviet position was negotiable and that the United Kingdom formula (1/3 West, 1/3 Soviet and 1/3 neutral) held out some hope of progress.

Mr. Macmillan concluded the brief discussion on nuclear testing by talking in very solemn terms of the dangers to humanity if tests continued to be held. He implied that he had sensed a similar preoccupation in Mr. Khrushchev, although he said that the Russians also had their Pentagon.

Mr. Lloyd dismissed the prospect of progress on surprise attack in one sentence, saying that there was no future in reviving the surprise attack conference.

147. DEA/50412-40

Note des conversations du premier ministre avec le premier ministre du Royaume-Uni et le Foreign Secretary du Royaume-Uni

Memorandum of Prime Minister's Conversations with Prime Minister of United Kingdom and Foreign Secretary of United Kingdom

CONFIDENTIAL [Ottawa], March 18, 1959

CYPRUS AND THE COMMONWEALTH

There was a brief discussion of this subject towards the end of the afternoon meeting.

Sir Norman Brook reviewed the factors (trading relationship with the United Kingdom, membership of the sterling area, and nationality) which would probably lead the Cypriot authorities to seek to retain a link with the Commonwealth. With these factors in view and bearing in mind the existent doubts as to the advisability of granting full membership to Cyprus, the committee set up in the United Kingdom was engaged in trying to work out a form of Commonwealth association short of full membership. It seemed to some of those working on this problem that the Cyprus case might present an opportunity to devise a "second rank" category which could also serve a useful purpose for territories (e.g., Malta, Mauritius, Singapore) which were too small for full membership and limited as to sovereignty. If a new form of association could be devised, its relation to full membership might conceivably be reflected in some composite designation along the lines of "members and associated states."

Mr. Macmillan intervened to say that in the United Kingdom there were two viewpoints: the position outlined by Sir Norman Brook, and the "unorthodox" position, with which he was inclined to associate himself. He was not sure that there would be much purpose in making a distinction between large and small members except by reason of the difficulty over attendance at and participation in Prime Ministers' conferences. But he was personally doubtful that this difficulty was in itself a sufficient justification for the introduction of a separate category of membership.

Mr. Diefenbaker avoided giving a definite indication of the Canadian Government's position in respect of Cyprus. He described the present as a critical phase in the evolution of the Commonwealth concept, and advocated careful examination of the implications of granting full membership to the large number of small territories now advancing towards a constitutional status approximating independence.

148. DEA/50412-40

Note des conversations du premier ministre avec le premier ministre du Royaume-Uni et le Foreign Secretary du Royaume-Uni

Memorandum of Prime Minister's Conversations with Prime Minister of United Kingdom and Foreign Secretary of United Kingdom

CONFIDENTIAL [Ottawa], March 18, 1959

LAW OF THE SEA

This subject was briefly discussed towards the end of the afternoon meeting on March 18.

Mr. Macmillan said that the United Kingdom Government was "very disturbed" at its continuing inability to reach agreement with the Canadian Government on a formula which would enjoy some prospect of acceptance at the conference in 1960. The United Kingdom Government was very anxious to secure the Canadian Government's sympathetic consideration for a six mile territorial sea, plus a six mile contiguous zone, the latter subject to limited historical fishing rights. The achievement of agreement on such a formula was important to the United Kingdom, both because of the fishing catch and of employment for the United Kingdom fishing industry. Mr. Macmillan said that the United Kingdom Government would be glad to have a Minister come to Ottawa for discussions.

In reply to a question by Mr. Diefenbaker, Mr. Lloyd said that the United Kingdom Government believed that the formula which it favoured would have a good chance of acceptance if it were not opposed by the Canadian formula. He thought that there was general desire to avoid the chaos which would ensue in the event of a failure by the 1960 conference to agree on a new formula.

Mr. Diefenbaker did not respond to Mr. Macmillan's suggestion that a United Kingdom Minister might come to Ottawa for discussions; on the other hand, he did not signify opposition to such a visit. He said that the Canadian Government would give further thought to the whole question.

It may be of interest to record Mr. Lloyd's statement that relations between the United Kingdom and Icelandic Governments were reasonably good. Relations between the two navies, he added, were particularly cordial. He thought that a good impression had been created by the decision of the United Kingdom Government that the trawler which had violated Iceland's four mile limit should stand trial.

149. DEA/50412-40

Note des conversations du premier ministre avec le premier ministre du Royaume-Uni et le Foreign Secretary du Royaume-Uni

Memorandum of Prime Minister's Conversations with Prime Minister of United Kingdom and Foreign Secretary of United Kingdom

CONFIDENTIAL [Ottawa], March 18, 1959

TRADE RELATIONS BETWEEN THE UNITED KINGDOM AND CANADA

Responding to Mr. Macmillan's reference to the United Kingdom Government's adherence to the International Wheat Agreement, Mr. Diefenbaker expressed the Canadian satisfaction with the United Kingdom decision. Mr. Macmillan said that although the United Kingdom had not been able to agree to accept more than 80% of its wheat imports from countries which were parties to the Agreement, the fact that 97% had last year been taken from those countries indicated that in practice the 80% ceiling would not prove to be an actual limitation.

Mr. Macmillan took occasion to express the anxiety which he felt about the United Kingdom's external trading position, particularly vis-à-vis the United States and Canada. The United Kingdom was trying to follow a policy of liberalization, but such a policy could be developed only through continued austerity in the United Kingdom and through increased purchases of United Kingdom goods by dollar countries. The United Kingdom decision had, he thought, been maintained to date by the improved standing of the pound sterling in relation to the United States dollar.

Mr. Macmillan said that he intended to impress upon the United States authorities in Washington the need for the United States to buy more British goods. He expressed the hope that Canada would find it possible to do likewise.

Mr. Diefenbaker, after referring somewhat critically to the speech of the President of the Board of Trade on February 4,[170] quoted figures to show that there had been a material increase in Canada's purchases from the United Kingdom in the past year and that in the same period there had been a substantial decline in Canadian trade with the United States. He gave no undertaking that the Canadian Government would feel able to take any fresh steps designed to increase imports from the United Kingdom. Speaking of the position in the United States, Mr. Diefenbaker said that on the basis of Canadian experience, it would be very difficult to bring about a change for the better through a government-to-government approach. There was no indication from either of the main political parties in the United States of a willingness to solve trade problems on a bilateral basis.

[170] Voir le document suivant./See the following document.

SUBDIVISION II/SUB-SECTION II

COMMERCE
TRADE

150. DEA/9575-40

Le ministre (commercial) du haut-commissariat au Royaume-Uni au sous-ministre adjoint au ministère du Commerce

Minister, (Commercial), High Commission in United Kingdom, to Assistant Deputy Minister of Trade and Commerce

CONFIDENTIAL AND URGENT. [London], February 12, 1959

Dear Mr. Brown,

U.K.-CANADA TRADE

This letter and attachment are going to take quite a bit of reading and you might want to refer the subject at once to Mr. Schwarzmann and possibly others in our Department as well as the Economic Division of External Affairs, Finance and the Bank, in order to save time.

On Wednesday, February 4th, Sir David Eccles, President of the Board of Trade, addressed an audience of about four hundred at a Canadian Chamber of Commerce luncheon in the Dorchester Hotel.[171] A copy of his speech is attached† and your special attention is directed to the marked paragraphs.

Sir David's presentation of the facts and his suggested cure are obviously open to question, but such statements have strong public appeal here when they appear in the press. Attached† are clippings from *The Times, The Daily Telegraph* and *The Financial Times* of February 5th and 9th and an editorial from *The Financial Times* of February 5th. The latter gives further justification to our suspicion that Sir David might have been issuing a warning that there might be some slow-up in the rate of liberalization of imports from dollar sources, despite the assurances we have had to the contrary at the official level. There is no doubt that the Greer's Ferry[172] case has caused much bitterness here and it could have a bearing on the attitude of the United Kingdom Government toward further dollar import liberalization. Our objection is, of course, that this bitterness might be directed at Canada. That Sir David's statement might be becoming the "party line" was suggested when I attended a luncheon two days ago for four Quebec newspaper men. In his welcoming remarks Sir William Rootes, who is as you know Chairman of the Dollar Exports Council, echoed the views expressed by Sir David and I suspect that we shall be hearing the same ideas from other sources fairly frequently.

Following the Eccles speech we discussed in Canada House the possible steps we might take to correct the impression he had created. It was agreed that we should take no immediate action, especially as the High Commissioner expected to have many opportunities in the near future to speak to groups where he could present the Canadian point of view. With this in mind, Mr. Drew asked us to prepare notes covering some of the points he might make in such speeches. Mr. Grandy is also giving the matter his attention. He will deal with the contractual obligations of the United Kingdom toward Canada, i.e. the U.K.-Canada trade agreement, G.A.T.T. and I.M.F., under which there are commitments to liberalise trade as soon as balance

[171] Voir/See "Canada Asked to 'Buy British'," *The Times*, February 5, 1959, p. 6.

[172] Voir/See L. Galambos and D. van Ee, eds., *The Papers of Dwight David Eisenhower*, Vol. 29 (Baltimore: Johns Hopkins University Press, 1996), Document 1033.

of payments difficulties disappear. If it is thought in Ottawa that there are some general comments we should have on this aspect of the question, we shall be glad to have them.

It now develops that Mr. Drew has been invited to speak to the Canadian Chamber of Commerce on Thursday, March 5th. His talk will not be "billed" as a rebuttal to the Eccles speech, but Jack Rodgerson, President of the Chamber, agrees that it would be appropriate for Mr. Drew to use the same forum to present, in effect, the Canadian answer.

Attached are some notes which we (mainly Mr. Tregaskes) have prepared. It would be appreciated if these could be carefully examined in Ottawa by those concerned. We want them to be corrected, amended, strengthened and otherwise put into such shape that Mr. Drew or any of us could use them with complete confidence. If any other points should be added, we shall welcome them. We are not, of course, presuming to write Mr. Drew's speech but I am sure he will be glad to have the most authoritative briefing on the ideas he chooses to present.

Please regard this question as urgent and let us have comments by telex on this letter and the attached notes as soon as possible and certainly not later than about February 23rd.

Yours faithfully,

B.C. BUTLER

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

[London, n.d.]

NOTES CONCERNING QUESTIONS RAISED BY
SIR DAVID ECCLES, PRESIDENT, BOARD OF TRADE
IN A SPEECH TO CANADIAN CHAMBER OF COMMERCE
AT DORCHESTER HOTEL, 4TH FEBRUARY, 1959

1. Canadian exports to the United Kingdom for 1958 totalled $781 million. Canadian imports from the United Kingdom totalled $527 million. *On a per capita basis*, Canada imported from the United Kingdom $31; the United Kingdom imports from Canada totalled $15.5 per head. On this basis, therefore, Canada imported twice as much from the United Kingdom as the United Kingdom did from Canada.[173]

2. The composition of the imports into the United Kingdom from Canada is interesting. 90 per cent of these imports consist of the following sixteen items:

Wheat	Nickel
Barley	Copper
Oil seeds	Aluminium
Tobacco	Zinc
Newsprint	Lead
Lumber	Platinum
Iron ore	Asbestos
Ferre-alloys	Abrasives

[173] Note marginale :/Marginal note:
Not so good a point [auteur inconnu/author unknown]

These are essential raw materials and agricultural products necessary for the industrial and manufacturing industries of the United Kingdom. Only 10 per cent of United Kingdom imports from Canada are manufactured goods or processed food products. The United Kingdom purchases these basic raw materials from Canada because Canada is a reliable and competitive source of supply. We have noted that, should such raw materials be forthcoming from other countries at lower prices, there is not much hesitation in switching to the new source of supply. This is as it should be. Trade, both ways, must be subject to normal commercial and competitive considerations.[174]

3. In his speech, Sir David Eccles implied that this country subscribes to balanced bilateral trade. This is at variance with the traditional foreign trade pattern of the United Kingdom and it is hard to understand why a bilateral balance should be deemed necessary in Canadian-U.K. trade. For example, the United Kingdom purchased £93 million from South Africa in 1958, while U.K. sales to South Africa totalled £174 million. If the United Kingdom followed a policy of bilateral balancing her purchases from South Africa should have been increased by £81 million.

4. The President also implied that an unbalanced trade between Canada and the United Kingdom is a new phenomenon. In point of fact, Canada has always enjoyed a large favourable balance of trade with the United Kingdom. For example, taking selected years from 1901, the following figures show Canadian exports to the United Kingdom (to the closest million dollars) and the imports from the United Kingdom. The table also indicates the balance in favour of Canada:

Year	Exports to U.K.	Imports from U.K.	Bal. In favour of Canada
	$m	$m	$m
1901	93	43	50
1911	132	110	22
1921	313	214	98
1931	171	109	62
1939	328	114	214
1941	658	219	439
1949	705	307	398
1950	470	404	66
1951	631	421	210
1952	746	360	386
1953	656	463	193
1954	660	391	269
1955	772	406	366
1956	818	493	325
1957	749	520	229
1958 (estimated)	781	527	254

5. While Canada has enjoyed a traditionally favourable balance in merchandise trade with the United Kingdom, some of this favourable balance is necessary in order to pay for the many "invisible" items which go to make up the current account balance between the two countries. Canada pays out more than she receives on tourist expenditures, interest and dividends, freight and shipping, insurance, and similar items. In 1953 Canada was indebted to the United

[174] Note marginale :/Marginal note:
good [auteur inconnu/author unknown]

Kingdom on these items to the extent of $60 million; in 1954, $40 million; 1955, $36 million; 1956, $73 million; 1957, $87 million. I would guess that for 1958, our indebtedness on these accounts might be in the region of $100 million.

6. Another interesting point to note is that Canadian exports to the United Kingdom in 1939 totalled $328 million. These have increased by approximately 140 per cent in 20 years to $781. United Kingdom exports to Canada in 1939 totalled $114 million and have increased nearly 450 per cent in 20 years to $527 million.

7. It must be remembered, too, that in the post-war years United Kingdom investment in Canada has increased very substantially. As a matter of fact, U.K. investment in Canada in 1957 was the highest on record. In 1930 investments by residents of the United Kingdom in Canada, both direct and portfolio, totalled $2,766 million which was the highest pre-war figure attained. By 1948 this had dropped to $1,610 million. Each year from 1948 to 1957 records a substantial investment of United Kingdom capital in Canada, and by 1957 this had reached a figure of $2,915 million. For example, United Kingdom investment in manufacturing industries increased from $156 million in 1945 to $604 million in 1956. Apart from the profits these investments bring to the United Kingdom, it also suggests that many British-controlled manufacturing companies in Canada are now turning out products which formerly were exported from the United Kingdom into Canada. Thus, while the actual shipment of goods to Canada may be affected it would surely be wrong to say that the United Kingdom is not benefitting by the extent to which British firms have established themselves and become identified with the Canadian market.

8. There is still much scope in Canada for United Kingdom manufacturers to take a larger share of the Canadian import market. The main source of Canada's leading imports of manufactured products is the United States, and the United Kingdom still enjoys a relatively minor percentage of the total Canadian import market. The following table illustrates the percentage of the import market enjoyed by the United States and by the United Kingdom in 1956 and it is in these categories that United Kingdom manufacturers have the best opportunities for increasing their exports to Canada:

Commodity	1956 Value $'000		Percentage of Total Imports of Item	
	U.S.A.	U.K.	U.S.A.	U.K.
Non-farm machinery	561,795	39,894	89.4	6.3
Automobile parts	280,248	3,523	98.4	1.2
Passenger cars	88,154	23,285	70.2	6.3
Trucks	43,390	756	94.6	1.6
Rolling mill products	170,873	21,389	72.8	9.1
Engines and parts	108,735	11,438	89.9	9.5
Pipes, tubes, fittings	89,380	17,922	72.6	14.6
Tractors and parts	156,425	2,816	98.0	1.8
Tools	25,154	3,755	76.7	11.5
Cotton fabrics	44,314	5,527	71.3	8.9
All other textiles (except woollens)	144,723	62,799	34.8	15.1
Electrical apparatus	219,846	28,113	85.4	10.9
Aircraft and parts	84,184	6,811	92.2	7.5

Chemicals	250,365	22,639	86.8	7.8
Total of above items	2,267,586	250,667		
Total imports	4,166,667	484,679		
Per cent of above items to total imports	54.3	52.0		

9. Most British products enjoy preferential tariff treatment in Canada. As well, there is no form of import control in Canada which would discriminate against or exclude British goods. The Canadian Government has fostered a 'Buy British' campaign and has given practical and moral support to this policy. Obviously, however, in a free economy such as Canada's, buying decisions are made by individuals and no government dictation on their purchasing policies is possible. Canadian importers must be persuaded that it is in their own interests to buy British products and the onus for changing their buying habits and inclinations must rest on the British exporter.

151. DEA/9575-40

Le sous-gouverneur de la Banque du Canada
au sous-ministre adjoint du ministère des Finances

Deputy Governor of Bank of Canada
to Assistant Deputy Minister, Department of Finance

[Ottawa], February 11, 1959

Dear Wynne [Plumptre],

You may recall that at the meeting of the Canada-U.K. Continuing Committee in London last summer I distributed a paper dated June 5, 1958 prepared in the Bank on Canada's Trade and Payments with the Sterling Area. The main conclusion of this paper (an extra copy of which is enclosed) was that there had, over the past 10 or 12 years, been a marked decline in Canada's current account surplus with both the United Kingdom and the rest of the Sterling Area. We wanted to make this point to offset the misleading propaganda about the enormous drain on the U.K. dollar position caused by the sterling area's imbalance with Canada.

Apparently this effort of ours was not brought to Sir David Eccles' attention or failed to impress him if it was. At all events, in his February 4th speech to the Canadian Chamber of Commerce in London, he is reported as complaining about the "terribly and uniquely lopsided" character of the trade between Canada and the United Kingdom, as saying that it "goes very hard with a great many people in the United Kingdom to see Canada earning so much more in this country than Canada is willing to spend on our goods;" and that while the U.K. government were anxious to go forward with the relaxation of dollar quotas as soon as they could, first they "must have some confidence that the dollar market and particularly the Canadian market will make a sustained and successful effort to buy more in this market." (These quotations are from the *London Times* report, February 5, page 6: I have not seen the full text of the speech.)

I thought that it might be useful to have the factual information contained in the memorandum of last June brought up to date, and I am enclosing herewith copy of a memorandum† on Canada's Balance of Payments with the United Kingdom 1958. The essential point brought out is that in the first 9 months of 1958 our trade surplus with the U.K. was lower and our deficit on invisibles higher than in the corresponding period of 1957. For this 9 month period our current account surplus with the U.K. was only about $60 million — hardly a staggering figure. The position for the year as a whole will be affected by the rise in

our exports in the fourth quarter and by the interest payment on the 1946 Loan, but even so it will be at about the same level as 1957, around $140 million.

Our trade picture with R.S.A. in 1958 has been affected on the import side by the low prices of some of their products and on the export side by our special wheat deals. So our current account surplus will be up. But having in mind the gifts and credits it is not at all clear that the strain involved on the U.K. reserves was much if any greater last year than it was in 1957 when our current account surplus with R.S.A. was only $10 million.

Sir David Eccles' concentration on the bilateral trade position between Canada and the U.K. is curious. One would think that he would pay some attention to invisibles (even though it spoils the argument a bit). One would also think that, even if he wants to look at the position bilaterally, he would take into account the trade and payments position of other sterling area countries with Canada. It may be that his pre-occupation with U.K. trade alone results in part from his use of U.K. trade statistics which show U.K. imports from Canada at levels about $100 million higher than our statistics of Canadian exports to the U.K. Their figures are c.i.f. whereas ours are f.o.b. and most of their imports from us are carried in British bottoms so the money is paid to themselves.

On the import side, Sir David Eccles suggests that Canada has been singularly deficient among the dollar countries in importing from the U.K. Though, as the attached memorandum shows, our imports from the U.K. continued to rise slightly in spite of the large over-all decline in our imports in 1958, it is true that the recent rise in U.S. imports from the U.K. has been much more spectacular. Even so, Canadian imports from the U.K. amounted in 1958 to $30.66 per head compared to $4.54 per head for U.S. imports from the U.K.

I have no doubt that Sir David Eccles' speech was a bargaining ploy and that he knows as well as we do that it is nonsense to focus on the bilateral balance of trade between Canada and the United Kingdom; that what matters to the U.K. is her over-all balance of payments, which is fortunately in good shape; and that the main effect of discrimination in present circumstances is that the U.K. pays more than she has to for her imports.

Yours sincerely,

L. RASMINSKY

SECTION B

AUSTRALIE : VISITE DU PREMIER MINISTRE MENZIES À OTTAWA, 21 MAI 1959
AUSTRALIA: VISIT OF PRIME MINISTER MENZIES TO OTTAWA, MAY 21, 1959

152. H.B.R./Vol. 2

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures

Memorandum by Special Assistant to Secretary of State for External Affairs

SECRET [Ottawa], May 26, 1959

CONVERSATION BETWEEN PRIME MINISTER DIEFENBAKER AND PRIME MINISTER MENZIES, MAY 21, 1959, AT 10:00 A.M.

The Australian High Commissioner, who was present during the conversation, has provided us with the attached record.

Mr. Diefenbaker had earlier given me a brief oral account of what had transpired, but nearly all the points which he mentioned are covered by Cawthorn's summary. The following points made by Mr. Diefenbaker at various times since the conversation are perhaps worth recording:

(a) He was impressed with the emphasis which Mr. Menzies had placed on the value of educational exchanges as an element in assistance programmes to underdeveloped countries;

(b) Mr. Menzies' suggestions regarding the loan of civil servants from older Commonwealth countries to countries such as Malaya recalled to Mr. Diefenbaker's mind the representations which had been made to him in Kuala Lumpur for Canadian treasury experts. Mr. Diefenbaker indicated that in view of what Mr. Menzies had said, we should make every effort to accede to the Malayan request. (I explained the difficulties which have been encountered in finding a suitable Canadian candidate for the position which the Malayans wished to fill from Canada.)

(c) Mr. Diefenbaker said that he had been struck by the warmth with which Mr. Menzies had referred to the success of Australia's trade agreement with Japan. The Japanese Government had been scrupulous in running down any attempted violations of the terms of the agreement;

(d) Cawthorn's summary does not mention the recognition of Communist China as having been among the subjects raised by Mr. Menzies, and it is possible that this was discussed either on a separate occasion or at the Cabinet meeting. The burden of Mr. Menzies' comments appears to have been that he could see no profit in taking any step at this stage towards recognition of Peking. The reasons given by Mr. Menzies were conventional ones.

(e) During the Cabinet meeting Mr. Menzies was asked a question, I think by Mr. Howard Green, regarding the recent negotiations on civil aviation. Mr. Diefenbaker remarked on the emphasis which Mr. Menzies had placed on the desirability of working out some kind of scheme for Commonwealth co-operation in civil aviation matters;

(f) There was no discussion of the Law of the Sea or of the problem of Danish migrants for Australia under the auspices of ICEM.

With regard to paragraph 5 of Cawthorn's record, it may be of interest to note that in a subsequent conversation with the Under-Secretary, Cawthorn said that in discussing the utilization of food surpluses as part of aid programmes, Mr. Diefenbaker had given the impression of being in agreement with the Australian viewpoint as outlined by Mr. Menzies (the same line as taken by Sir John Crawford during his recent visit). Cawthorn also said that it was evident that Mr. Menzies had derived greater satisfaction from the outcome of the recent Washington conference on Food for Peace than had been the case with Canadian Ministers.

In talking to the Under-Secretary, Cawthorn also said that when the Prime Ministers were discussing Singapore (cf. para 2 of Cawthorn's record), Mr. Menzies had offered the view that in the light of political trends in Singapore, the United Kingdom authorities would probably find it difficult, if not impossible, despite the powers reserved to them under the new Singapore constitution, to redress the balance if the forthcoming elections resulted in a victory for extreme left-wing nationalist parties, with a consequential decline in United Kingdom control of internal security.

After Mr. Menzies had left Ottawa, Cawthorn saw Mr. Diefenbaker on instructions and showed him a highly classified Australian paper on defence questions. Cawthorn subsequently showed a copy of this paper to the Under-Secretary.

H.B. ROBINSON

[PIÈCE JOINTE/ENCLOSURE]

Note du haut-commissaire de l'Australie

Memorandum by High Commissioner of Australia

SECRET

NOTES OF CONVERSATION IN OTTAWA ON 21ST MAY, 1959,
BETWEEN THE PRIME MINISTERS OF CANADA AND AUSTRALIA

The following is a summary of a one hour informal meeting between the two Prime Ministers, at which I was present.

2. Mr. Diefenbaker opened by asking Mr. Menzies his views on the Singapore situation, but the latter indicated that he wished to mention Indonesia first. Mr. Menzies then referred to a J.I.C. (Australia) paper, which he said he would leave with Mr. Diefenbaker, who could decide on others to whom it might be shown. Mr. Menzies then briefly covered the main points made in Mr. Casey's telegram 132. He referred to Subandrio's visit and the popular welcome he received and to his own intention of accepting the Indonesian Government's invitation to visit Indonesia, saying he would probably go in November next.

3. Mr. Diefenbaker then raised the question of Canada's extending Colombo Plan aid to Indonesia and asked Mr. Menzies' views. The latter said he thought it would be worth while, but stressed the advantages of technical aid in preference to economic assistance in kind, as likely to produce more good will and lasting benefit. This led to a general discussion on the Colombo Plan and on the failure of the enormous United States expenditure from the aspect of developing a "liking for Americans." Mr. Diefenbaker mentioned a request for three financial experts received from the Malayan Government. Mr. Menzies outlined his ideas for encouraging undeveloped countries to accept some senior civil administrative officers nearing reti ring age for the last two or three years of their service and Mr. Diefenbaker agreed that, in the light of Mr. Menzies' views, there was a good case for Canada meeting the Malayan Government request.

4. Discussion then reverted to the Singapore situation and both Prime Ministers agreed that the latest information indicated the likelihood of the extremist left wing party winning the elections.

5. Mr. Diefenbaker then asked Mr. Menzies' views on utilization of surpluses as part of aid programmes. Mr. Menzies gave the Australian viewpoint and "Food for Peace" was then briefly discussed. Mr. Diefenbaker said that his Ministers who had attended the Conference in Washington had come back with a feeling that not much had been achieved. Both Prime Ministers agreed that all that could be done for the present was to see how the joint administrative committee set up by the Conference worked in practice.

6. The Geneva Conference situation was then briefly discussed and Mr. Menzies referred to adverse American comment on Mr. Macmillan's Moscow visit. Mr. Diefenbaker said that he thought it had been an excellent move and that it had been generally very well received in Canada. Mr. Menzies gave the gist of a letter he had written to Mr. Macmillan and Mr. Diefenbaker gave an account of talks with Mr. Macmillan during his visit to Ottawa after the Moscow visit. He agreed with Mr. Menzies' suggestion that one very satisfactory aspect of the visit was that Mr. Macmillan was able to go to Washington "to inform and advise and not to receive instructions." Some discussion of the United States attitude in general, and that of

the President in particular, in relation to a Summit Conference, followed. Both Prime Ministers expressed concern at the rigidity of the United States approach and at signs that the President was "veering away from the Summit." Mr. Diefenbaker agreed with Mr. Menzies that a Summit Conference was essential whatever the outcome of the Geneva meeting.

7. Mr. Menzies mentioned the latest developments in the Pakistan-India canal waters dispute, and in particular the request for the United Kingdom, Canadian and Australian contribution to be raised from $70 million to $90 million. Mr. Diefenbaker said that his Cabinet were not pleased and were "rather prickly" at being further "bludgeoned." Mr. Menzies suggested that, having accepted the principle, the $20 million added was a comparatively small amount on which to risk wrecking a settlement and said that he was disposed to advise his Government to accept. Mr. Diefenbaker said he thought that he would probably do likewise.

CAWTHORN

SECTION C

CEYLAN : SITUATION POLITIQUE
CEYLON: POLITICAL SITUATION

153. J.G.D./VI/861/C425

Le haut-commissaire au Ceylan
au premier ministre

High Commissioner in Ceylon
to Prime Minister

Colombo, July 24, 1959

My dear Prime Minister,

I am very glad to be able to give you a slightly better picture of the situation here in Ceylon than I was in my previous letter.

Then (December 1958) we were still under the state of emergency. As the year wore on, it became more and more apparent that Mr. Bandaranaike could not carry on with a Cabinet as bitterly divided as his was.

Finally his ten right wing Ministers revolted and laid down the ultimatum that unless he was prepared to fire the two Communist Ministers they would all resign which would, of course, have brought down his Government.

Finally, after some obvious mental anguish, the Prime Minister acted, and threw out Philip Gunawardena and William de Silva. He then realigned his various ministries — adding to some and taking bits and pieces away from others — and also his Cabinet members.

As could be expected, the cause of the deposed Communist ex-Ministers was vigorously espoused by all the left-wing elements in the country and the Communist unions began a series of crippling strikes. The most serious was in the port of Colombo which once again came to a standstill, thus making impossible the import of food (at a time when food stocks were down to a 48-hour supply only!) and making impossible the export of tea, rubber, and cocoanut products, on which the whole economy depends.

The Prime Minister at once began a series of personal interventions, but again the right-wing Ministers intervened with the result that he made a statement to the effect that he would not have further negotiations until the strikers returned to work. The armed forces were then ordered out and put into camps in and around Colombo and set to work in the port unloading food cargoes.

It was soon obvious, however, that trained soldiers could not be kept at this labouring work too long and the Prime Minister then began to recruit what has been called the "Pioneer Corps." This consisted of unemployed men who rushed to Colombo from all over the country in the hope of getting some work. The race course, which you will remember is opposite my house, was one of the recruiting centres and at one stage I watched these men climbing the race course fence in their anxiety to get work. Those selected were sent to the port and those not selected, after a mild riot, were conveniently got out of the way. Applications to join this new Home Corps brought home to the Government the seriousness of the unemployment situation here.

The strike went on for over three weeks but fortunately this time the Prime Minister remained firm and finally it petered out. The victims, of course, are the wretched workers who have been made the cat's-paw of their Communist leaders. Now the Government faces the very difficult problem of what to do with the Pioneer Corps now that the strikers are back at work.

The situation has by no means entirely settled down. The Communists are furious at the Prime Minister's turn to the right. I understand that Moscow was informed by its mission here that the Communist Ministers would win, and when they did not, there was consternation in communist circles. Moscow is very angry with the officers of its mission here and has recalled many of them.

With all his faults, which, as you well know, are many, I cannot help feeling sorry for Bandaranaike. He was called upon to work with an almost impossible coalition. Anyone with political experience could have told him that it was bound to fail, you cannot compromise with Communists. He seems to have learned a lesson from the trials and tribulations he has had to endure since his M.E.P. coalition came to power. I think he now realises that Communists have no interest in ordered progress, their ultimate objectives are radically different. However, whether from sound conviction or mere expediency, he has now turned definitely to the right.

Today he is a very lonely man, and does not seem to have any real friends anywhere. I want to suggest, my dear Prime Minister, that at this stage, a gesture from you would be really helpful to the situation. I am sure, that a friendly personal letter from you would not only be appreciated, but would be of the utmost help. To write Bandaranaike such a letter would cost only a small amount of your time and it would give him the feeling that after all the Commonwealth connection, and the democratic way as we understand it, is safer and better than the hope that he seems to have had that Communists can be made to behave decently. I think if he could receive at this stage such a letter of sympathy from a senior Commonwealth Prime Minister it might tend to give him moral support just when he needs it and help to dispel the feeling that he is all alone in an extremely difficult political world. Ceylon is important to our side strategically and in other ways.

I feel that in spite of all the difficulties in which the country is still embroiled, Ceylon might now begin to make a little progress. Some of the Cabinet Ministers are very weak sisters. Nevertheless, when they think at all, they do so now more or less along the same lines, whereas before the reorganization, the whole Cabinet was torn by dissension.

If I might suggest the type of letter from you which would be the most helpful, I would say that all that is necessary is to tell him that you have been watching the political scene here with great sympathy and interest; that you hoped that the Cabinet reorganization would make his task easier, and that you would continue to take a sincere interest in the progress of his

Government from now on. Wish him good luck and ultimate success. Something along these lines would, I feel sure, do much good coming from you.

I was delighted to see that whilst there was no increase in Canadian Colombo Plan aid to Ceylon, nevertheless no cut was made. Under-employment and unemployment are both rife in the country. Driving home a few nights ago from one very late official affair, which my wife and I had to attend, we were travelling along that road which you went in your processions to and from the airport, we counted no less than thirty-one wretched human beings, both male and female, sleeping in shallow doorways on a night when it was pouring with monsoon rain.

There is an increasing number of hungry people here in Colombo and its suburbs. The situation in the villages is no better, as the following little story will illustrate.

You will perhaps remember that Mrs. Diefenbaker was taken into the country to see some of the results of one of Mrs. Bandaranaike's charitable societies. My wife also works in this one and went along with Mrs. Diefenbaker. She was on a similar visit to a village recently and this place has been adopted by the society to be made into a model village. A very poor woman came up to my wife with a very obviously starved baby. Finding that Mrs. Cavell could not talk to her in Sinhalese, she went away and returned with a girl teacher who knew a little English.

To cut a long story short, what she said was that the village people were grateful to the organization for making theirs a model village, building them better houses, etc., but she said, "We cannot eat houses. We would sooner have food and sleep under the trees than be hungry as we are now." She went on to say that owing to lack of food for herself she was unable to feed her baby, which she was trying to keep alive by boiling roots, etc., for it. Could the lady, she asked, not find some work for their husbands rather than make them a model village? And so it is, Mr. Prime Minister, all over the Island.

The preoccupation of this Government with doctrinaire socialism, with socialistic schemes of one kind or another, which are discussed ad nauseam, and never come to anything, is one of the curses here, as it is today in so many South and South-East Asian countries. I was impressed recently by something said by that wonderful Belgian Monk, Father George Pire, who was given the Nobel Prize for his work with refugees.

"It's better to get one little apple tree well planted, than a thousand trees in a dream orchard."

I have been reading those speeches of yours in which you have mentioned the necessity of declaring the objectives of the West at this important time in the affairs of Asia. Recently I was reading a report which was made by Chester Bowles on the floor of the U.S.A. House of Representatives. Bowles, as you know, spent some time in India as American Ambassador and was popular and useful. In one part of his speech he said, "What is needed is a new statement of our purpose." He felt that this was necessary both to galvanize the thinking of his own people as well as to let the East and those responsible for its destinies, (such for instance as Mr. Bandaranaike) know that in accepting our help and our aid they are *NOT* moving along the road to a resurgence of colonialism as the Communists tell them, but are taking their part in the building of a new democratic, free world in which they will have a great part to play.

I often mention to my Ceylonese friends here the Bill of Rights which you are proposing to introduce in Canada and point out to them that if we feel the need for such a safe-guard, perhaps they should give thought to something along the same lines at this time when they are planning for the future.

Our aid is still accepted without criticism, which means that we can exert an influence perhaps stronger than that of our friends south of our border, whose motives seem to be more suspect than our own, and for these reasons I again suggest that a friendly letter from you to Mr. Bandaranaike at this moment could do no harm and might well do much good.

On the whole it seems to me that the overall situation in South and South-East Asia is somewhat better. There is no doubt that, just as Hungary galvanized Europe and North American thought once again against the inhumanity of Communism in practice, so happenings in Tibet have caused the countries of South and South-East Asia to stop and take another look at Communism in practice. Unquestionably Chinese repression and brutality in Tibet has brought all the Buddhists in the world up with a sharp jerk. Burma has hardened her attitude towards the Communists, and here, the six million Buddhists have been shocked, particularly when their leaders tried to approach the Chinese Embassy here only to have the gates of the compound clanged in their faces.

One effect has been to call into question the constantly reiterated cry of the Communists that their creed and form of government is inevitable for Asia, so why not join now and take advantage of early membership? Their propaganda along this line, of the inevitability of their cause has unquestionably in the past had considerable effect on some leaders. Now they wonder.

You will be familiar, Mr. Prime Minister, with what is happening today in Kerala in Southern India, where a Communist Government was elected. The Communist hope was obviously to take over the whole of South India and then to add on Ceylon — Hungary, Tibet and Kerala have all played their part in showing Communism up in its true colours.

What we of the West have always to keep in mind is that you can only defeat an ideology with a better one. Ours is unquestionably a better one and it is this fact that we have somehow and other to get over to our Asian friends, and here, Mr. Prime Minister, I want to say a word or two about such schemes as the new Commonwealth scholarship one, which is receiving well deserved attention at the moment. But I do want to point out that such schemes, valuable as they are, are really only the icing on the cake. Here in South-East Asia we are concerned with millions (and that is not an exaggeration) of hungry people whose lot is not going to be bettered except by better economic conditions which will create jobs and thereby fill empty stomachs. Eventually we are only going to better the lot of these people and thus keep them on our side of the iron curtain, by filling their stomachs through finding them employment. This is the crucial problem. This is what we have to lick.

I think schemes such as our fisheries scheme here, into which Canada has put money, are along the right lines because we are trying to better the lot of the actual poor fisherman. Although it is a drop only in a very big bucket, it is at least an actual apple tree and better than the dream orchard.

I still say, my dear Prime Minister, what I said to you personally when you were in Ceylon — the West has practically all the cards. In the first place, we have the advantage of language over the Communists. The Russians who are here, for instance, working on a sugar scheme for this Island, huddle together, cannot talk to the Ceylonese with whom they work, and obviously would be afraid to do so even if they could! We have no such fears.

The colonial powers of old, as they are called, did do one thing. They implanted ideals of democracy and freedom which will not be easily obliterated. The West has many of the best cards and what we still have to do is to learn how to play them to our utmost advantage so that we can win most of the games. It is still possible to do this. I will *never* admit the inevitability of Communism for Asia but we have to do more than we are doing, not in terms of money, but in terms of telling contacts.

I am sure that you, more than most men, my dear Prime Minister, realize that *you only influence people with whom you can get into contact*. The Communists are in contact by nefarious means we would never adopt. We must find *our own means of better contacts* with Asia. More Commonwealth conferences in this region; more expressions of understanding and sympathy with the Asian struggle for better living conditions; more knowledge amongst our own people of the ultimate effect of the rise of Asian industrialization on their own standard of living; the fact that our Colombo Plan contribution is, in fact, only a small premium on the security of our place in a future world which will in time be predominantly Asian by sheer weight of numbers.

I apologise, my dear Prime Minister, for taking so much of your time. I can only say, that by putting all this before you, I am not *wasting* your time. Asia and its future, whether we like it or not, is vital to us and *our* future.

With kindest regards,
Yours sincerely,
NIK CAVELL

SECTION D

INDE : COMBUSTIBLE DU RÉACTEUR NRX
INDIA: NRX REACTOR FUEL ELEMENTS

154. DEA/11038-1-13-40

Note du chef de la 1ère Direction économique

Memorandum by Head, Economic (1) Division

SECRET [Ottawa], June 12, 1959

FUEL ELEMENTS FOR CANADA- INDIA REACTOR

This matter was considered at a meeting in the Under-Secretary's office on June 10. Also present were Mr. Gray, President of Atomic Energy of Canada Limited, Mr. R.B. Bryce, Mr. Plumptre, Mr. Pollock and Mr. Crowe. Mr. Gray outlined the concern of Atomic Energy of Canada Limited about what might happen if the Indians tried to manufacture their own fuel rods for the reactor. The Canada-India Reactor Agreement of 1956 clearly indicates the intention of both governments (Article XI) that the fuel elements for the initial charge and continuing requirements of the reactor will be supplied by Canada save to the extent that India provides them from sources within India. Because of India's refusal to accept any safeguards on these elements no progress has been made, in spite of long negotiations, in implementing this Article. Mr. Gray said that on strictly technical grounds he thought it was essential for the reactor project to have fuel elements made in Canada. In spite of all their experience at Chalk River they still had difficulties with fuel elements for the NRX reactor and if any difficulty developed in India as a result of some defect in the fuel elements this would reflect on the entire reactor project and Canada would inevitably be blamed. At the present time India is apparently making efforts to get the fuel elements elsewhere or to fabricate them in India but Mr. Gray thought that they had not progressed too far in these alternative arrangements and that they would still be anxious to get the elements from Canada if the safeguards issue could be avoided. It would also be very much to India's financial advantage to get the fuel elements from Canada even if they were charged at full cost. (Although this is not envisaged in the CIR agreement it is possible that all or some part of the cost of the fuel elements would be charged

against India's Colombo Plan allocation.) Mr. Gray said that the cost of the fuel elements would be in the order of $610,000 to $620,000, including transportation to Bombay.

2. Mr. Gray will be talking to Dr. Bhabha of India in London during the course of the next few days and it was agreed that he should take up with him one possible solution to the problem. This was a suggestion that India should lease the fuel elements from Canada. This would mean that the irradiated fuel elements when they are eventually removed from the reactor will be the property of the Canadian Government. It would then be possible for Dr. Bhabha to say that no safeguards or inspection are involved while we would have the substance of safeguards by virtue of our ownership of the spent fuel elements. It will be nearly four years before the first fuel elements are removed from the reactor and by that time the whole safeguards question will probably have a very different aspect. Either there will be some agreed international system or there will be no safeguards at all. In the meantime we shall be able to complete the Canada-India reactor project with Canadian fuel rods and obtain what will amount to safeguards under cover of leasing arrangements which might be much less offensive to the Indians.

M.A. C[ROWE]

155. DEA/14002-2-6-40

Extrait du compte-rendu d'une réunion

Extract from Record of Meeting

SECRET [Ottawa], June 19, 1959

FUELLING FOR THE CANADA-INDIA REACTOR

Present:
Mr. N.A. Robertson;
Mr. C. Ronning;
Mr. R.B. Bryce;
Mr. Lorne Gray.

Secretaries:
Mr. J.H. Taylor and Miss D. Burwash.

Mr. *Lorne Gray* reported on conversations he had had in London with *Dr. Bhabha* (ref. London tel. 1972 of June 17† and Mr. Gray's letter to Dr. Bhabha of the same date†).

Mr. Gray said that for technical reasons Canada would have to insist on having Canadian rods for the start-up charge; 200 rods (cost $500,000 - $600,000) would be the minimum, though the Canadians at Trombay had suggested 300 which would be better. Work on the Canada-India reactor was going well and the start-up could be in December. AECL would have to know in about a month's time in order to have the rods ready by that date. They would be rolled in Canada and could be stored at Chalk River; fabrication of the ends would be completed in India, since the rods were not in all respects identical with the NRX rods.

Mr. Gray said further that Dr. Bhabha, though he could not openly acknowledge it at this stage, accepted the technical arguments in favour of a start-up charge of Canadian fuel rods since there was a possibility that the Indian rods might be inferior and a strong probability that they would not be ready before March 1960. They would also cost about twice as much as the Canadian rods.

Mr. Ronning here pointed out that shortage of foreign exchange might make it difficult to buy Canadian fuel, even though it was cheaper, but it was finally agreed that Bhabha probably had enough influence with his government to secure the release of foreign exchange for this purpose. It was also agreed that the possibility of payment under the Colombo Plan was likely to be raised by the Indian Government, though the terms of the Canada-India Reactor Agreement provide that the fuel is for Indian account.

With reference to safeguards, *Mr. Gray* stated his belief that Bhabha was prepared to accept safeguards on the fuel while it was in storage or in the reactor, but would not agree that they should be applied to the irradiated fuel elements when they reached the separation plant. He pointed out that in fact, if the charge was to be a mixed one comprising increasing quantities of Indian rods, it might not be really practicable to distinguish Canadian fuel from Indian in the separation plant. Of the two alternatives offered in his letter of June 17, (that is outright purchase or lease) he believed that Bhabha for financial and other reasons much preferred to purchase, provided that the safeguards problem could be satisfactorily handled.

Mr. Bryce suggested that there was a third possibility: Canada might sell the rods to India with an option to repurchase the irradiated elements. It was agreed that this would probably be the most satisfactory solution, since we could apply safeguards to the Canadian rods while they were in storage or in the reactor and should have an opportunity to review our stand after that in the light of the general position then existing with regard to safeguards on natural uranium. *Mr. Gray* expressed his personal agreement with Bhabha's opinion that it would not be possible to sustain the position that there should be safeguards on natural uranium. Supplies of source material were likely to be too plentiful; Bhabha had mentioned that France was willing to sell India 10 tons of U_3O_8 without safeguards at $8 a pound and that Belgium had offered them uranium metal at the Agency price of $35-36 a kilogramme, though in this case safeguards were not waived.

After a short discussion, it was agreed that we should wait for Dr. Bhabha's reply to Mr. Gray's letter of June 17 before making the new proposal to the Indian Government that Canada sell the rods with an option to repurchase them after irradiation.

The following additional points came up at the meeting:

1. Proposed Indian Reactor -

Mr. Gray mentioned that in about six months time the Indians would ask for bids on a 200 megawatt natural uranium heavy water moderated reactor. There was a possibility that a Canadian firm, for example Canadian Westinghouse, might be in a position to bid; if they could hold it to about $60 million, they should be able to better any bids from the United Kingdom. There was some discussion about the siting of large power reactors and Mr. Gray explained that there was no special problem; a body of water adequate to cool a conventional power station would suffice for an atomic plant of the same size. In India, sea water could be used as a coolant. In Canada, Lake Simcoe had been found too small and the next Canadian power reactor would probably be sited on Lake Huron in Southwestern Ontario.[175]

. . .

[175] Note marginale :/Marginal note:
Noted N.A. R[obertson]

156. DEA/11038-1-13-40

Le représentant auprès de l'Agence internationale de l'Énergie atomique au secrétaire d'État aux Affaires extérieures

Representative to International Atomic Energy Agency to Secretary of State for External Affairs

TELEGRAM 147 Vienna, September 28, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: My immediately preceding Tel.†
Repeat T&C Ottawa, AECL Ottawa, Finance from Geneva, Delhi from Ottawa (Information).

CIR AGREEMENT — SAFEGUARDS

From J.L. Gray.

Following is text of draft understanding and my explanatory footnotes. Begins: Understanding between Gray and Bhabha of conditions attached to the supply of fuel elements by Canada to India for CIR under the Intergovernmental Agreement:

1. Canada will supply fuel elements if required by India for use in CIR under commercial transactions in quantities mutually agreed to from time to time. The initial supply of fuel elements by Canada will consist of 100 repeat 100 rods of uranium with end plugs clad in the inner aluminum sheet. (See Note 1.)

2. These 100 elements will be made available by Canada to India in time for initial start-up but will be installed to the extent the Indian Atomic Energy Commission decides after consulting the senior Canadian representation at Trombay (see Note 2). It is understood that special consideration will be given to the use of Indian manufactured fuel elements in the initial loading.

3. Canada, through AECL has the right to assure itself that the fuel elements supplied by Canada and the fissionable material (plutonium) produced in these elements are used only for peaceful purposes.

4. It is the intention of Canada and India that the fuel elements provided by Canada and any plutonium produced therefrom shall be used for peaceful purposes.

5. In compliance with these intentions the IDAE will keep an account of the fuel elements supplied by Canada and institute a system of effective self-inspection. India will carry out a physical audit once a year of the Canadian elements in storage prior to irradiation, the Canadian elements in the reactor, the Canadian elements in storage after irradiation and the number sent for processing.

6. Canada will have the right at any time to ask for a joint audit, both physical and record audit. Whenever Canada exercises that right, the report will be produced jointly by India and Canadian representatives.

7. When Canadian supplied material has been irradiated and subsequently processed in a chemical plant to separate the plutonium from the depleted uranium and the fission products, only the plutonium so produced in the Canadian material will be subject to audit. The quantity of plutonium to be subject to audit will be settled by negotiation and would normally be arrived at by calculation related to power produced by the material supplied by Canada. (It is clearly recognized that the joint audit and the joint physical check would apply only to the assessed

quantity of plutonium processed from Canadian elements and all that would be necessary for India would be either to show this quantity of plutonium in storage or in use for peaceful purposes, since it is impractical, if not impossible to differentiate between the plutonium produced from Canadian fuel elements and plutonium produced from Indian fuel elements.) India will have the option to place this quantity of plutonium or a fraction of it at the disposal of Canada. In which case Canada will pay a fair market price as mutually agreed to between authorized representatives of the governments of Canada and India.

Note 1: The quantity of 100 mentioned is not final and should not change any of the present plans of AECL re this fuel.

Note 2: There was no agreement between Gray and Indians on the point of responsibility for operation and authority for decision on fuelling the reactor. Gray argued the first sentence of paragraph 2 was not repeat not consistent with the responsibility assigned to Canada in the Intergovernmental Agreement. It was agreed to refer this point to Jarvis to be settled in Ottawa during Indians' visit.

Note 3: The last two sentences of paragraph 7 cover an Indian suggestion. Gray has no repeat no firm objection as option is unlikely to be exercised. There is possibility that that Canada might have to purchase few kilograms at published prices. The Indians want the point included to help sell to their government the idea of Canada having the right of inspection. They doubt if they would ever offer any plutonium. This point, however, should have serious consideration by officials in Ottawa.

157. DEA/14003-J-2-3-40

Le représentant auprès de l'Agence internationale de l'Énergie atomique au secrétaire d'État aux Affaires extérieures

Representative to International Atomic Energy Agency to Secretary of State for External Affairs

TELEGRAM 155 Vienna, October 1, 1959

CONFIDENTIAL. EMERGENCY.
Reference: Your Tels ET-1258† and ET-1260† Sep 30.
Repeat AECL Ottawa, Finance, London (J.L. Gray) (OpImmediate) (Information).

CIR SAFEGUARDS

Reason for emergency label is to ensure delivery today in case memorandum going to ministers. We discussed your telegrams with Gray in Munich and copies will be given him London tonight. I then discussed points with Bhabha.

2. Your point (a) - Bhabha willing to recommend to his government addition of following sentence to paragraph 7 and I think it meets your point: "in addition Canada will have first option to purchase (at fair market prices as mutually agreed) for peaceful purposes only any quantity of the plutonium referred to in this paragraph which India does not wish to retain."

3. Your point (b) - In paragraph 1 Bhabha willing to change "under commercial transactions" to read "on commercial terms."

4. Your point (c) - Bhabha willing to recommend following changes which I think meet your point: in paragraph 6 after the words "record audit" insert "of any or all of the materials referred to in paragraph 5." In paragraph 7 insert after the words "recognized that" in third sentence the words "with respect to plutonium."

5. I did not repeat not raise with Bhabha point in your ET-1260 although draft agreement itself gives no repeat no guarantee that Canadian rods will be used. Gray confirmed from Munich that he has satisfactory private assurance from Bhabha. Gray says and I know he told Bhabha that Canadian technical support at time of start-up would be withdrawn if there was any indication of reactor being unsafe as result of Indian insistence on use of their own fuel. Gray is convinced Indians will have to depend heavily on Canadian rods for initial charge.

6. Bhabha for his part raised important point on instructions from his superiors. They want paragraph 3 deleted as being redundant in view of paragraphs 6 and 7. I argued strongly against this. In the end we both agreed to recommend the following:

(1) Paragraph 3 to be moved to more logical position immediately after present paragraph 5.

(2) Words "to the extent provided in paragraphs 6 and 7 below" to be inserted in present paragraph 3 immediately after "assure itself."

7. Bhabha leaves Vienna October 4 but returns October 6. Leaves again October 7 and can be reached Paris October 10 to 13 care Indian Embassy. Leaves from Paris or London to arrive Washington October 14 or 15. Leave Vienna for Geneva October 5 but Barton fully familiar.

[M.H.] WERSHOF

158. PCO/R-100-1-A

Note du Bureau du Conseil privé
pour le greffier du Conseil privé

Memorandum from Privy Council Office
to Clerk of Privy Council

SECRET [Ottawa], October 1, 1959

C.I.R. SAFEGUARDS

I believe that if we sign the agreement in its present form, we will be contributing to the demise of safeguards. The Agency system will not come into operation for at least a year. It will be difficult enough during this period to keep other countries from exporting without safeguards, and so surely any move by one of the major atomic powers to weaken the minimum Agency standards, agreed by approval of Annex I at the recent I.A.E.A. Board meetings (general principles concerning attachment of safeguards to materials and facilities), will, to my mind, inevitably result in a gradual erosion of the kind of controls we would like to see finally established.

The French might well argue that the agreement is ineffective as a control system, and their position of no safeguards on exports to "friendly" countries would be strengthened. There is serious doubt whether France, Belgium or South Africa will hold the line during the next year. The agreement as it now stands will give them an effective excuse to relax their controls on exports.

Undoubtedly the U.S. will raise objections, and while it might be argued that they made the precedent in their agreement with Euratom, the cases are not parallel in that Euratom safeguards will be under international control, and all E.E.C. countries would have to knowingly contribute for diversion to take place. I doubt if we would like to see an agreement similar to this between India and a South American country. If the agreement in its present form is made public, the Japanese, and more particularly the Pakistanis, who recently signed our standard bilateral, might well consider that they were being discriminated against. This type of agreement might be construed as a precedent for future Canadian bilateral agreements and some pressure might develop to renegotiate the safeguards clause of present agreements.

The deficiencies in the proposed agreement when measured against the Agency system, are plainly sins of omission.

(i) The proposed audit system is not foolproof because the *processing of irradiated rods and extraction of plutonium will not be supervised.* The Indians could, if they wanted to, adjust the books to show that a rod had been in the reactor for a different length of time than was actually the case. During processing, a greater quantity of plutonium would be extracted than that shown by calculations based on the power produced. This could be diverted for other uses. This is not to say that the Indians will do this. Canadian personnel will be working on the reactor and in any case, the Indians could produce sufficient plutonium from their own rods for any clandestine use. The point is, however, that as a *control against diversion*, I don't believe the proposed system is effective.

(ii) There is no guarantee that the Indians will not sell plutonium produced from Canadian rods to a third country. All the agreement says is that "all that would be necessary for India ... would be to show (the quantity of plutonium) is in use for peaceful purposes."

(iii) Depleted uranium will not be subject to audit. There is no limitation on the U_{235} content in the depleted uranium. The Agency maintains that depleted uranium containing in excess of 0.5 per cent U_{235} shall be subject to the same controls as supplies of natural uranium.

(iv) The Agency provides that "safeguards will be attached to first generation materials when the quantity produced exceeds, as a cumulative total, the quantity specified in Paragraph 11 (200 grams of fully enriched material)." There is no way to get around this problem. The Indians will not agree to controls on plutonium produced from their rods, even though production was facilitated by use of Canadian source material.

(v) Another insoluble problem, when considered in relation to Agency safeguards, is that the reactor will be capable of producing in excess of 2 Kilograms of special nuclear material. Under the Agency system such a reactor, if supplied by or using the Agency, should be subject to safeguards.

The above points, to my mind, show where the proposed agreement is at variance with the Agency system. The question is not so much whether we think the Indians will divert material, but the implications of this agreement as far as Agency safeguards and future bilaterals are concerned. There are strong arguments in favour of regarding this as a one-time special case transaction. On the other hand, there is no indication that the Indians consider this a one-time operation, as the agreement provides that "Canada will supply fuel elements if required by India for use in C.I.R. under commercial transaction in quantities mutually agreed to from time to time."

Undoubtedly the U.S. and probably the U.K., will raise objections. The agreement is unquestionably less than the minimum requirements agreed to at various "five-power" meetings and less than required by minimum Agency standards.

In recommending amendments to the draft agreement, I think the absolute minimum we could accept is to have some control on re-exports to third countries. Mr. Gray is being asked if he broached the subject of a Canadian option to purchase plutonium produced from irradiated rods; and also if he thinks that the Indians will agree to a clause similar to that in the Canada-Japan agreement which permitted re-export subject to the written consent of the supplying party. The minimum we could accept to cover this contingency would be to have first refusal on any proposed re-export. On point (i), I understand the Agency is also considering this problem. The least control I think we should obtain at this point is to have some say where the irradiated rods can be processed; if done outside India. Alternatively, the Canadian rods could be processed separately and an independent audit made of the extracted plutonium. On point (iii), it might be stated that the depleted uranium should not contain more than 0.5 per cent U_{235}; otherwise, it will be subject to safeguards. On the problem of first generation material and safeguards on the reactor, the Indians would never agree to any form of control. I think the best we can do is to base our case on the special nature of the arrangement to build the reactor.

I recommend the above suggestions, not in the sense that the Indians are not to be trusted, but rather for the preservation of at least an external appearance of adhering to our long-established position. I do not think that Canada should be the first to break line. Even if the Indians accept what I consider to be the minimum requirements of control, I still feel that there will be repercussions. The fact that Mr. Gray has been able to get Bhabha to agree to any kind of control is an achievement. On the other hand, I don't think we should clutch at the first straw Bhabha offers to us. His reputation is at stake as well as ours. Surely in the final analysis, Mr. Nehru could be sold safeguards on the sole justification of their preventing the spread of nuclear weapons, particularly to the Chinese.

D. M[ORLEY]

159. DEA/14003-J2-3-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 5, 1959

CANADA-INDIA REACTOR: AGREEMENT ON PROVISION OF FUEL ELEMENTS

The Agreement on the Canada-India Colombo Plan Atomic Reactor Project (known as the CIR) provided that the fuel elements for the initial charge and for the continuing requirements of the reactor would be supplied from Canada save to the extent that India supplied them from sources within that country. It also provided that arrangements for the supply of fuel elements would be agreed between the two governments before the reactor was ready to operate and that they should be in keeping with the principles of an international agency acceptable to both governments if such had by then been established. Though loading of the initial fuel charge in the reactor will have to take place in a few months, it has up to the present time been impossible to agree upon arrangements for providing any fuel elements from Canada because India has been unwilling to accept our standard safeguards requirements. Because of these objections to safeguards the Indians decided to make their own fuel elements. Atomic Energy of Canada Limited is responsible for the initial start-up of the CIR and has been concerned (a) that the Indians would be unable to fabricate enough rods to allow the scheduled start-up to

take place on time and (b) that owing to lack of experience the Indian-made rods might prove unreliable and by failure might cause damage to the reactor itself and even spread contamination. Since this Colombo Plan project is a novel and newsworthy one and has received more than the usual share of attention in India and the other under-developed countries, any of these eventualities would be most unfortunate from the Canadian point of view.[176]

In the light of these considerations and of the urgency of deciding on the initial loading of the CIR, the President of Atomic Energy of Canada Limited has been having discussions with Doctor Bhabha, Chairman of the Indian Atomic Energy Commission, in Vienna, and has reached a tentative agreement with him (subject to government approval on both sides) under which Canada would sell fuel elements for the initial charge of the reactor and would have the right to assure itself that these Canadian fuel elements and the fissionable material (plutonium) produced in them would be used for peaceful purposes only. To this end, India would maintain an accounting and audit system and Canada would have the right to call for joint audits and physical checks. Canada would also have a first option to repurchase any excess of plutonium produced from the Canadian rods that India did not wish to retain for its own peaceful uses.

The safeguards provisions of the draft agreement fall somewhat short of the International Agency's proposed system of safeguards, which Canada has consistently supported. They do, however, represent a considerable advance on any previous Indian position and in view of the Indians' strongly expressed objections to the principle of safeguards (which they regard as a derogation of national sovereignty) it is unlikely that any more rigid control would be acceptable.

In deciding what attitude Canada should take towards the present proposals, we cannot overlook the fact that the United Kingdom and the United States (which would have to be informed confidentially and in advance of our intentions) could be expected to be critical of the proposed agreement in view of the adverse effects which they would foresee that it might have on the attitude of other countries during the current discussions of the establishment of an international system of safeguards. In effect, when the news of the agreement becomes public, as it necessarily will, other suppliers might well regard it as justifying their own departure from the "common front" agreed upon last year pending the adoption by the Agency of a multilateral safeguards system.

In defending our position we could legitimately argue that the fuel for the Canada-India reactor constitutes a special case and should not be taken as creating a precedent. We could point out that the agreement for the supply of the Canada-India reactor was made before the International Agency was established and consequently without a requirement for safeguards either on the reactor or on such fuel as might be provided for it by the Indians themselves. In these circumstances and in view also of the fact that India has domestic supplies of uranium and is arranging to fabricate fuel elements from it (even though these may not be available at the time or in the quality required), Canada is not in a position to insist upon the application of safeguards to the Canadian fuel which would be more rigid than the Indians are willing to accept. It should be noted in this connection that in the original agreement the Indian government undertook to ensure that the reactor and any products resulting from its use would be employed for peaceful purposes only. Finally, the project is one in which Canada is closely co-operating with India both in the construction of the reactor and in the training of the Indian staff who will operate it and it is one in which we would hope that co-operation would

[176] Le deuxième et le troisième paragraphes, ainsi qu'une partie du quatrième paragraphe, étaient manquants. Ils proviennent d'une copie du document, versée au MAE 11038-1-13-40.

Paragraphs 2 and 3 and part of paragraph 4 were missing from this version; those provided here have been taken from a copy of the document on DEA 11038-1-13-40.

continue. A modified system of safeguards like the one proposed could therefore be expected to be more meaningful and effective than if such co-operation did not exist. An additional consideration is that the Board of Governors of the International Agency has just taken a decision, supported by India and the USSR, which will have the effect of postponing definitive action on a multilateral safeguards system by at least another twelve months.

In these circumstances, it seems that we should seek to reach an agreement with the Indians which, though it may not be all that we might originally have hoped, gives reasonable assurance that Canadian assistance in building and fuelling the Canada-India reactor will not be diverted to non-peaceful uses.

I therefore recommend:

(a) that the attached draft Agreement† be approved in principle subject to minor drafting charges;

(b) that the United States and the United Kingdom be informed immediately and in strict confidence that we are giving favourable consideration to these proposals.[177]

This matter is also being brought to the attention of the Minister of Trade and Commerce.

N.A. R[OBERTSON]

160. DEA/14003-J2-3-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM ET-1458 Ottawa, November 13, 1959

CONFIDENTIAL. PRIORITY.

Reference: Our Telegram No. ET-1316 of October 21.†
Repeat London, Geneva, New Delhi (Information).
By Bag Vienna.

CANADIAN FUEL RODS FOR THE CANADA-INDIA REACTOR

As agreed in the Williamson-Burwash telephone conversation of today, we are sending for your information the latest draft of the agreement for the supply of Canadian fuel rods for the CIR which J.L. Gray will inform Bhabha that we are prepared to accept.

"Canada-India Reactor: Draft Agreement on the Provision of Canadian Fuel Elements

1. Canada will supply fuel elements if required by India for use in CIR on commercial terms in quantities mutually agreed to from time to time. The initial supply of fuel elements by Canada will consist of one hundred (100) rods of uranium with end plugs clad in the inner aluminum sheet.

2. These one hundred elements will be made available by Canada to India in time for initial start-up. It is understood that special consideration will be given to the use of Indian manufactured fuel elements in the initial loading.

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[177] Notes marginales :/Marginal notes:
Approved by SSEA 8/10 R[oss] C[ampbell]
H.B. R[obinson] notified by phone 8/10 R[oss] C[ampbell]

3. It is the intention of Canada and India that the fuel elements provided by Canada and any plutonium produced therefrom shall be used for peaceful purposes.

4. In compliance with these intentions the Indian Atomic Energy Commission will keep an account of the fuel elements supplied by Canada and institute a system of effective self-inspection. India will carry out a physical audit once a year of the Canadian elements in storage prior to irradiation, the Canadian elements in the reactor, the Canadian elements in storage after irradiation and the number sent for processing.

5. In compliance also with these intentions, Canada, through Atomic Energy of Canada Limited, has the rights described in paragraphs 6 and 7 below.

6. Canada will have the right at any time to ask for a joint audit, both physical and record audit, of any or all of the materials referred to in paragraph 4. Whenever Canada exercises that right, the report will be produced jointly by India and Canadian representatives.

7. When Canadian-supplied material has been irradiated and subsequently processed in a chemical plant to separate the plutonium from the depleted uranium and the fission products, only the plutonium so produced in the Canadian material will be subject to audit. The quantity of plutonium to be subject to audit will be settled by negotiation and would normally be arrived at by calculation related to power produced by the material supplied by Canada. (It is clearly recognized that with respect to plutonium the joint audit and the joint physical check would apply only to the assessed quantity of plutonium processed from Canadian elements and all that would be necessary for India would be either to show this quantity of plutonium in storage or in use for peaceful purposes, since it is impractical, if not impossible to differentiate between the plutonium produced from Canadian fuel elements and plutonium produced from Indian fuel elements.) India will have the option to place this quantity of plutonium or a fraction of it at the disposal of Canada in which case Canada will pay a fair market price as mutually agreed to between authorized representatives of the governments of Canada and India. In addition, Canada will have first option to purchase (at fair market prices as mutually agreed) for peaceful purpose only any amounts of the plutonium referred to in this paragraph which India does not wish to retain."

For London: The above text is for your own information only; a further telegram will follow shortly.

For Vienna and Geneva: The above text is for your own confidential information.

161. DEA/14003-J2-3-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni
et à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to High Commissioner in United Kingdom
and Ambassador in United States

TELEGRAM ET-1460 Ottawa, November 20, 1959

SECRET. OPIMMEDIATE.

Repeat New Delhi, Geneva, T&C (Information).
By Bag Vienna from London.

FUEL FOR THE CANADA-INDIA REACTOR: SAFEGUARDS

As you know, Gray of AECL and Bhabha of the Indian Atomic Energy Commission have recently been discussing the terms of a possible agreement on the provision of Canadian fuel rods for the Canada-India reactor, the initial loading of which will have to start in a few months' time. The text of these proposals as they now stand was given in our telegram No. 1458 of November 13 to Washington. Canadian ministers have approved in principle our proceeding on the basis of this text and have now learned that the Indian Government has agreed to it.

2. In view of our particularly close co-operation with the United States and the United Kingdom in discussions of safeguards, we wish to inform them in the strictest confidence that we are giving favourable consideration to the conclusion of an agreement with the Indians which, although it is not all that we originally hoped, would establish an audit and check system giving reasonable assurance that Canadian assistance in building and fuelling the Canada-India reactor would not be diverted to non-peaceful uses.

3. In giving this information to the United Kingdom and United States authorities you may show them the text of the agreement but should not give them a copy. The Indians are very concerned about the secrecy of the agreement. In your accompanying explanation, you should stress the following points:

(a) Because of their objections to safeguards, the Indians have decided to make their own fuel elements. AECL is responsible for the initial start-up of the CIR and has been concerned (i) that the Indians would be unable to fabricate enough rods to allow the scheduled start-up on time and (ii) that owing to lack of experience the Indian-made rods might prove unreliable and by failure might cause damage to the reactor itself and even spread contamination.

(b) The proposals represent a considerable advance on any previous Indian position and in view of the Indians' strongly expressed objections to the principle of safeguards it is unlikely that they will accept any more rigid control.

(c) In view of the fact that India has domestic supplies of uranium and is arranging to fabricate fuel elements from it (even though these may not be available at the time or in the quality required) Canada is not in a position to insist upon the application of safeguards to the Canadian fuel which would be more rigid than the Indians are willing to accept.

(d) In the original CIR agreement the Indian Government undertook to ensure that the reactor and any products resulting from its use would be employed for peaceful purposes only and in the present proposals reaffirms this intention.

(e) The project is one in which Canada is closely co-operating with India both in the construction of the reactor and in the training of the Indian staff who will operate it and it is one in which we would hope that co-operation might continue. A modified system of safeguards like the one proposed could therefore be expected to be more meaningful and effective than if such co-operation did not exist.

(f) Finally, we cannot ignore the fact that the IAEA Board of Governors has recently taken a decision, supported by India and the USSR, which will have the effect of postponing definitive action on a multilateral safeguards system by at least another twelve months.

162. DEA/14003-J2-3-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM ET-1591 Ottawa, December 18, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Telegram No. ET-1458 November 13 to Washington.
Repeat Washington, London, Geneva (Information).
By Bag Vienna, T&C.

FUEL FOR CANADA INDIA REACTOR: AGREEMENT ON SAFEGUARDS

The text of the agreement on the provision of fuel elements for the Canada India reactor as given in our telegram under reference has now been accepted by the Indian Government. We wish to proceed immediately to an exchange of notes recording the fact that agreement has been reached so that one hundred Canadian-made rods for the CIR which will shortly be ready for shipment can be despatched. In accordance with the wish expressed by Bhabha to J.L. Gray we are prepared to make the terms of their agreement confidential and to have them set out in an exchange of letters between Bhabha and Gray. We do, however, wish to accompany this with a further confidential exchange of notes at the intergovernmental level which would not go into detail but would record simply that Atomic Energy of Canada Limited and the Indian Atomic Energy Commission had reached agreement. Such an exchange appears to us to be required by the terms of Article XI of the CIR Agreement, and also to be desirable for other reasons which you will no doubt recognize. It would of course be understood that either government could request the other to agree to publication of the notes and letters if that became necessary.

2. Please get in touch with Bhabha as soon as possible and inform him of the procedure we propose in order to meet his wishes. For your own information and to help you in approaching him, we gather that he is reluctant to make the agreement formal and public because he does not want to admit (a) that he has accepted modified safeguards and (b) that he cannot after all fabricate sufficient acceptable Indian rods in time for start-up. Our immediately following telegram† gives the text of the letter that Gray would be prepared to write to Bhabha and the

text of a suggested reply. The original of Gray's letter will be sent by air bag as soon as possible so that it can be turned over to Bhabha at the time of signature of the intergovernmental exchange. At this time he should also give you his reply for forwarding to Gray.

3. When you have cleared with Bhabha you should inform the Indian authorities that you have been instructed to initiate a confidential exchange of notes on the lines given below and ask them to confirm that they are prepared to make the appropriate response. Upon receipt of their assurances you should proceed to arrange the intergovernmental exchange and also the exchange of letters between Bhabha and Gray. The text of the intergovernmental note would be as follows: "Begins

Excellency,

I have the honour to propose upon instructions from my government that the arrangements for the provision of the fuel elements referred to in Article XI of the "Agreement on the Canada India Colombo Plan Reactor Project" of April 28, 1956 be those concluded in recent negotiations between officials of Atomic Energy of Canada Limited (AECL) and the Government of India Atomic Energy Commission (IAEC) as set out in the letters exchanged today between the President of AECL and the Chairman of the IAEC.

If the foregoing proposal is acceptable to the Government of India I have the honour to propose that this note and your excellency's reply to that effect shall constitute an agreement between our two governments.

Accept etc. End."

4. Please inform us by telegram as soon as the Indians agree to the suggested procedure and the texts of the intergovernmental notes.

SECTION E

ANTILLES
WEST INDIES

SUBDIVISION I/SUB-SECTION I

AIDE
AID

163. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], March 3, 1959

Present

The Prime Minister, (Mr. Diefenbaker), in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),

The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

CANADA-WEST INDIES AID PROGRAMME
(PREVIOUS REFERENCE MARCH 4, 1958)

44. *The Secretary of State for External Affairs* said that, since the Prime Minister's announcement of last September on the five-year $10 million aid programme for the West Indies, officials of both countries had been working out details of the programme.

The government was committed to provide two ships and, on the basis of the discussion with representatives of the West Indies, it was estimated that, in the more efficient Canadian yards, construction would cost a total of $7.5 million. Canadian officials had pointed out that this item would absorb a large proportion of the total funds available, and that the operating costs would place a heavy burden on the limited budgetary resources of the West Indies. They had suggested alternative specifications for the ships, involving lower construction and operating costs, which might yet meet the economic requirements of the Islands. However, Ministers and officials of the West Indies reiterated their views that any ships below the specifications originally proposed would not meet their needs adequately and they accepted the consequences of their preference for the larger ships.

In view of these considerations he recommended that Canada provide the two ships at the specifications proposed by the West Indies. The government of the West Indies were aware that construction costs in Canada were relatively high, but they wished, nevertheless, that the ships be built here. To ensure economy of construction he proposed that the two be constructed in the same yard.

Proposals had also been developed for the use of the remaining $2.5 million over a five-year period. These were as follows:

(a) Port and harbour development -	$1,500,000
(b) Inventory of natural resources -	$130,000
(c) Provision of a Canadian team to work with West Indians on soil survey work -	$20,000
(d) Provision of advisory and technical staff in various fields from Canada -	$425,000
(e) Training facilities for West Indians in Canada -	$230,000
(f) Unallocated, pending determination of final cost of ships and further discussions -	$195,000
	$2,500,000

Most of these items involved the provision of technical assistance which the Cabinet had already approved in general terms.

An explanatory memorandum had been circulated, (Minister's memorandum, Feb. 20, — Cab. Doc. 60-59).†

45. *During the discussion* it was said that it would be very difficult to assign the construction of both ships to the same yard. They should go to different yards. It was regrettable that the West Indians had insisted on costly refinements for the ships, and it was to be hoped that they would not use this excessive cost as a level for additional aid. There would be little if any left of the $10 million when the two ships had been paid for.

46. *The Cabinet* noted the report of the Secretary of State for External Affairs on the $10 million Canada West Indies Aid programme and,

(a) approved the construction of two ships for inter-island shipping services, at an estimated total cost of $7.5 million, on the basis of the specifications proposed by the West Indies, and agreed to the preparation of the necessary design and detailed specifications, on the understanding that contracts for the ships would be awarded to two different shipping yards in Canada; and,

(b) noted the balance of the proposed programme on the understanding that specific authority would be requested to proceed with any other project.

R.B. BRYCE
Secretary to the Cabinet

164. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], October 26, 1959

Present

The Prime Minister, (Mr. Diefenbaker), in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

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SHIPS FOR THE WEST INDIES FEDERATION
(PREVIOUS REFERENCE MARCH 3)

3. *The Minister of Trade and Commerce* said representatives of Canada and The West Indies Federation had worked out together the specifications for the two ships to be supplied as part of Canada's programme of assistance for the new Federation. Tenders had been called on the basis that one vessel only would be allotted to a shipyard and that in selecting the successful tenderer, price alone would not be the determining factor. The two lowest tenders, both with Canadian engines and with British engines, were from Port Weller Drydock Company, Port Weller, Ontario, and Canadian Vickers Limited, Montreal, P.Q. Canadian engines were higher priced than British engines but not excessively so in relation to the overall cost of a completed ship. In view of the acceptability of Canadian engines and the low level of employment in the marine and engine building industry, he recommended that the tenders be considered on the basis of Canadian-made engines.

Port Weller Drydock Company and Canadian Vickers Limited both had a proven record of performance and workmanship. The former did not have any government orders at the present time and prospects for continued employment at present levels were not promising. Canadian Vickers had an R.C.N. vessel under construction; employment prospects there were better than in most yards. Other yards, particularly those on the East and West Coasts, were facing a more difficult employment situation. However, the shipbuilding industry was currently operating at lower levels than for some years and the strongest representations for these two ships had been received from all yards. In the circumstances, a departure from the general rule of awarding tenders to the lowest bidders would lead to serious repercussions. Furthermore, The West Indies Federation would be concerned if the $10 million for the assistance programme were not committed in Canada as effectively as possible.

The Minister recommended the use of Canadian engines in the two ships and that contracts be made with Port Weller Drydock Company and Canadian Vickers Limited for the construction of one ship by each firm at the prices tendered.

An explanatory memorandum had been circulated. (Minister's memorandum, Oct. 23, — Cab. Doc. 328/59).†

4. *During the discussion* the following points were made:

(a) It was essential that the shipyards on the East and West Coasts be maintained for defence purposes and it was also advisable to disperse industry as much as possible. In view, therefore, of the employment prospects on the coasts and of the amount of work on hand, one ship should be allocated to a yard on each coast.

(b) It was argued strongly, on the other hand, that to allocate now, after tenders had been called, would cause a storm. In the case of the B.C. yards, costs were high because wage rates were much higher than in the rest of Canada. The problem had been discussed with representatives from both coasts and the other yards as well, and all had reluctantly agreed that there was no choice but to proceed in the manner recommended.

(c) The tenders might be withdrawn, but this too would be severely criticized. The government had agreed to call for tenders and there seemed no alternative but to accept the lowest bids. Allocation should be considered when other contracts had to be made.

5. *The Cabinet* agreed,

(a) that, in the two ships to be provided The West Indies Federation, Canadian-built engines be used; and,

(b) that the Minister of Trade and Commerce be authorized to enter into contracts with Port Weller Drydock Company and Canadian Vickers Limited for the construction of one ship by each firm at the prices tendered; these firms having submitted the two lowest bids for the ships.

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SUBDIVISION II/SUB-SECTION II

IMMIGRATION

165. PCO

Note du ministre de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Minister of Citizenship and Immigration to Cabinet

CABINET DOCUMENT NO. 127-59 Ottawa, April 23, 1959

CONFIDENTIAL

IMMIGRATION FROM THE WEST INDIES

Under present policy immigration from The West Indies consists of immediate close relatives as defined in Section 20(c) of the Immigration Regulations. In addition, Cabinet has since 1955 authorized annually the admission of specified numbers of female domestic servants, the last authority dated April 11th, 1958 permitting the admission of 230 domestics (including 30 from British Guiana). In dealing with unsponsored applications from The West Indies however, the Department has taken the attitude that where the prospective immigrant has qualifications which would make him a decided asset to Canada and permit him to become readily established in this country, the authority of the Governor-in-Council is sought to permit admission. During 1957 the Immigration Regulations were waived by Order-in-Council for 595 individuals from The West Indies as cases of special merit and in 1958 the admission of 423 such persons was authorized.

Under existing provisions immigration from The West Indies including the special domestic servant movement has steadily increased as indicated in the following table:

Immigration from The West Indies

Fiscal Year	Total Negro Immigrants	Total Immigrants
1949-50	105	384
1950-51	69	399
1951-52	65	666
1952-53	80	717
1953-54	112	916

Calendar Year	Total Negro Immigrants	Total Immigrants
1954	122	849
1955	262	793
1956	416	1,058
1957	497	1,162
1958	661	1,192

The Cabinet Committee on Immigration, after reviewing Cabinet Document No. 142-58 dealing with immigration from The West Indies, recommended on August 11th, 1958, as follows:

"(a) That the present policy of admitting sponsored close relatives, domestic servants (200) and individual cases of merit be continued for the time being;

"(b) That there be discussion with the Government of The West Indies Federation at the earliest possible moment, at which time consideration might be given to entering into an agreement similar to the one with India concerning the admission of immigrants from The West Indies."

As recommended by the Cabinet Committee on Immigration a senior official of the Department of Citizenship and Immigration has discussed with officials of The West Indies Government the question of immigration from that country to Canada. It has been explained that such immigration is gradually increasing and that in the long run a quota arrangement would be restrictive. Although it is believed The West Indies Government is reasonably satisfied with the present arrangement for the time being, they have requested an increase in the domestic movement. In the past the overall movement of 200 domestics was broken down into quotas for five of the islands in The West Indies, i.e., Jamaica - 100; Barbados - 40; Trinidad - 30; St. Vincent - 15; St. Lucia - 15, with the Government of each island responsible for training and selection. The Federal Government of The West Indies intends to handle the domestics movement in future and will be required to allot quotas to all The West Indian Islands. In order not to reduce movements from any of the five islands which previously enjoyed quotas and yet to give selection of some persons from the other islands, it is proposed to increase the overall domestics movement from The West Indies from 200 to 250 (the movement of 30 from British Guiana to continue as a separate arrangement).

The authority of the Governor-in-Council is required for admission of these persons from The West Indies and British Guiana. In addition, if the movements are approved, it is considered desirable to waive the immigrant visa requirement because the geographical barriers involved would make it difficult and relatively expensive for most of the applicants to journey to a point where a Canadian Visa Officer is located.

The undersigned, therefore, has the honour to recommend to His Excellency the Governor-General-in-Council:

THAT Section 20 and paragraph 4 of Section 18 of the Immigration Regulations made and established by Order-in-Council P.C. 1954-1351, as amended, shall not apply to a person who

(a) is one of a maximum of 250 persons from The West Indies who have been selected for employment in Canada as female domestic servants pursuant to arrangements between the Department of Citizenship and Immigration and the Federal Government of The West Indies; or

(b) is one of a maximum of 30 persons from British Guiana who have been selected for employment in Canada as female domestic servants pursuant to arrangements between the Department of Citizenship and Immigration and the Government of British Guiana;

(c) arrives at a port of entry in Canada not later than December 31st, 1959; and

(d) is on her arrival at a port of entry in Canada in possession of documentary evidence that she has been selected in accordance with arrangements made by the Department of Citizenship and Immigration; and

(e) can otherwise meet the requirements of the Immigration Act and Regulations.[178]

Respectfully submitted,

E.L. FAIRCLOUGH

[178] Approuvé par le Cabinet le 5 mai 1959. Par la suite, le 8 octobre 1959, le Cabinet a approuvé la recommandation du ministre de Citoyenneté et Immigration en faveur de l'admission au Canada, en 1960, de 250 travailleuses domestiques additionnelles originaires des Antilles et de 30 autres, de la Guyane britannique.

Approved by Cabinet May 5, 1959. Subsequently, on October 8, 1959, Cabinet approved the recommendation of the Minister of Citizenship and Immigration that a further 250 female domestic servants from the West Indies and 30 from British Guiana be admitted in 1960.

CHAPITRE IV/CHAPTER IV
RELATIONS AVEC LES ÉTATS-UNIS
RELATIONS WITH THE UNITED STATES

PREMIÈRE PARTIE/PART 1
QUESTIONS DE DÉFENSE ET SÉCURITÉ
DEFENCE AND SECURITY ISSUES

SECTION A

ANNULATION DE COMMANDE DE CF-105 (AVRO ARROW)
CF-105 (AVRO ARROW) CANCELLATION

166. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 4, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Secretary of State (Mr. Courtemanche).

The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

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CF-105 ARROW PROGRAMME
(PREVIOUS REFERENCE FEBRUARY 3)

6. *The Minister of National Defence* reported again on the present state of the CF-105 Arrow programme. In addition to the information he had given previously, he noted that, from the end of September 1958 until the end of January 1959, $60 million had been spent on the development of this aircraft and that, if development continued until March 31st, $45 million

more would be expended. The average cost per weapons system for a programme of 100 operational aircraft was now estimated to be $7.81 million. This excluded termination charges for the Astra/Sparrow from September 1st, 1958, which were estimated to be $28 million. Although the cost had been reduced from $12.6 million to this figure, he still considered that the production of 100 such aircraft could not be justified at this price. The Chiefs of Staff were, as directed last September,[179] urgently investigating requirements, if any, for additional air defence missile installations in Canada, and for interceptor aircraft of the nature of the CF-105 or alternative types.

He recommended that development of the CF-105 be discontinued and that the Chiefs of Staff present at an early date the recommendation they had been requested to make.

An explanatory memorandum was circulated, (Minister's memorandum, Jan. 30).†

7. *Mr. Pearkes* added that, at the moment, there did not appear to be anything in the U.S. inventtory of aircraft that would justify a decision to purchase. The Chiefs of Staff were considering the possibility of having some Bomarc squadrons moved from south of the border in the central U.S. to areas in western Canada. If it were felt that the manned bomber threat was decreasing, then it was obviously preferable to concentrate on defensive missiles rather than to continue with the production of interceptors.

8. *The Prime Minister* said it would be necessary to have a meeting of the Cabinet Defence Committee before making the final decision on the Arrow.

9. *During the discussion* the following points emerged:

(a) If a question on the future of the Arrow were raised when the estimates were tabled, it should be answered in a way which would show that a decision on the programme would be taken before March 31st. There was sufficient money in the estimates to pay for cancellation charges or to continue development for a while.

(b) If the Arrow development were cancelled and no alternative interceptors were produced in Canada or purchased elsewhere, then, in the event of a war, and when the CF-100 was no longer in service, Canada might have to rely on the U.S. to provide manned fighter defence. Under the terms of the NORAD agreement, U.S. squadrons could be stationed temporarily on Canadian airfields.

(c) The personnel in the R.C.A.F. which would have otherwise been employed in flying the CF-105 and servicing it would be absorbed in work in connection with S.A.G.E., additional radars and on other duties.

(d) The re-equipping of the Air Division in Europe was a separate problem. At the moment, the most urgent aspect of the situation was a replacement, if any, for the F-86 Sabre which was obsolete. The Cabinet Defence Committee would be considering this problem and would make recommendations in the near future to the Cabinet about it. Replacing the Sabres overseas would cost at least $350 million.

10. *The Cabinet* noted the report of the Minister of National Defence on the CF-105 Arrow programme and the ensuing discussion, and agreed that the matter be considered by the Cabinet Defence Committee the following day.

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[179] Voir/See Volume 25, Document 88.

167. DEA/50046-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], February 5, 1959

122ND MEETING OF CABINET DEFENCE COMMITTEE — ITEM I — THE CF-105 ARROW PROGRAMME

The Cabinet Defence Committee is to give further consideration this afternoon to the CF-105 Programme. No paper has been submitted for the Committee's consideration. We do not, therefore, know to what main factors of the problem the Committee's attention will be directed. In the circumstances we hope that the following general comments may be of some value to you.

The submission from this Department to the Cabinet Defence Committee in August of last year[180] with respect to continental air defence was designed primarily to draw Ministers' attention to the context in which immediate decisions with respect to the CF-105 were being taken. The main points made in that paper were the following:

(a) The United States is determined to erect defences in North America against the most diversified attack of which the Soviet Union is capable, i.e. a mixed bomber and missile attack. As a matter of agreed policy Canada shares responsibility with the United States Government for the joint defence of the continent. In the light of the increasing expenditures required to build suitable defences, Canada's alternatives may be to increase the Canadian defence budget or accept a greater degree of United States assistance. Canada's freedom of action will be affected less by whether or not Canada accepts additional United States assistance than by the relationship between Canadian and United States defence expenditures. If a respectable ratio between Canadian and United States expenditures for the defence of North America can be maintained, Canadian influence on United States planning is not likely to be diminished.

(b) In any appraisal of the resources which Canada can devote to the air defence of North America, consideration of our commitments to NATO in Europe is important. The political importance to Canada of stationing forces in Europe in terms of the consequential effects in our relations with our European Allies should not be underestimated.

(c) Requests for assistance from the United Nations of the type Canada has already met in UNEF are likely to increase rather than diminish in future. In this Department's view it is essential to our foreign policy that a Canadian capability in this respect be maintained.

(d) There is evidence that growing Soviet economic strength throughout the world poses a substantial threat to the West which must be considered with the same quality of concern as that arising from the purely military threat from the Soviet Union. If Canadian foreign policy is to be realistic, it would seem essential that Canada be able, from time to time, to participate effectively in any coordinated Western attempts to meet adequately the non-military threat from the Soviet Union in the political and economic fields.

These main arguments remain valid. There have, however, been a number of developments since August 1958 which must be taken into account in any further consideration being given to the CF-105 programme.

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[180] Voir/See Volume 25, Document 74.

The first of these is the Government's decision to share the costs of an improved continental air defence system by way of expenditures in connection with the improvement of the Pine Tree Radar System, the installation of SAGE and the establishment of BOMARC missile sites in Canada. The Government is giving consideration as well to the introduction of nuclear capability into the air defence of Canada. So far as costs are concerned, the Government has reconfirmed its intention to pay its fair share for improvements required in the air defence system. The second point to be considered is the Government's plans with respect to the re-equipment of the Air Division in Europe.

At this same meeting of the Cabinet Defence Committee, Ministers will be considering a recommendation from the military for the re-equipment of the Air Division in Europe with a new aircraft. Whatever decision is taken by the Government in this respect will have some relevance to its action with respect to the CF-105 Programme. The Government has already indicated that it intends to equip the Canadian Brigade in NATO with the LACROSSE missile.[181]

The third important development since last Autumn has been the submission of CINCNORAD's immediate and long-term plans for the defence of North America. These plans, submitted late last year, cover the period until 1969. The plans are still being examined by the Department of National Defence and cannot, therefore, be considered as yet to have any status beyond that of recommendations from the responsible military commander, CINCNORAD. It is, however, relevant to the Cabinet's consideration of the CF-105 programme that CINCNORAD has outlined the need for interceptor aircraft within the air defence system beyond 1969. Not only does he foresee in his recommendations the need for interceptors superior in quality even to the CF-105, but he envisages a need for the siting of greater numbers of these improved interceptors in Canada. Presumably the Minister of National Defence will have CINCNORAD's recommendations in mind when he formulates his recommendations with respect to the CF-105 or some alternate interceptor.

D.V. LEP[AN]
for Under-Secretary of State
for External Affairs

168. PCO/C-20-9(a)-M

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], February 5, 1959

Present

The Prime Minister, (Mr. Diefenbaker), in the Chair,
The Minister of National Defence, (Mr. Pearkes),
The Acting Minister of Defence Production, (Mr. Green),
The Minister of Finance, (Mr. Fleming),
The Secretary of State for External Affairs, (Mr. Smith).
The Secretary (Mr. Martin),
The Military Secretary (Group Captain Weston).

[181] Le Cabinet a approuvé l'achat d'une batterie de missiles sol-sol Lacrosse le 1er octobre 1958.
Cabinet approved the purchase of one Lacrosse battery of surface-to-surface missiles on October 1, 1958.

The Chairman, Chiefs of Staff, (General Foulkes),
The Chief of the Naval Staff, (Vice Admiral DeWolf),
The Chief of the Air Staff, (Air Marshal Campbell),
The Chief of the General Staff, (Lieutenant General Clark),
The Chairman, Defence Research Board, (Dr. Zimmerman).

The Secretary to the Cabinet, (Mr. Bryce),
The Under-Secretary of State for External Affairs, (Mr. Robertson),
The Deputy Minister of Defence Production, (Mr. Golden),
The Assistant Under-Secretary of State for External Affairs, (Mr. LePan),
The Assistant Secretary of the Treasury Board, (Mr. MacNeill).

I. CF-105 ARROW PROGRAMME

1. *The Minister of National Defence* said that the Chiefs of Staff had reported that there were no new military factors regarding the manned bomber threat, or new developments to meet this threat, which they considered would have an additional bearing on the matter under discussion. He recalled the announcement made by the Prime Minister last September that the development of the CF-105 and the Iroquois engine would be continued until the end of March when the situation would be reviewed again. Modifications of the CF-105 were to be made to permit the testing of a fire control and weapons system already in production for use in U.S. aircraft.

From the end of September, 1958 to the end of January, 1959, $60 million had been spent on the development of the CF-105 and if development continued until March 31st approximately $45 million more would be spent. During its tests the aircraft had flown at Mach 1.96 at 50,000 feet and had reached an altitude of 58,000 feet. The adoption of the MA1/Falcon/MB1 weapons system in place of the ASTRA/Sparrow had had the effect of increasing the CF-105's radius of action in a supersonic mission from 238 to 354 nautical miles, and in a subsonic mission from 347 to 506 nautical miles. The adoption of the system had also reduced the development time and would permit additional aircraft to be delivered for squadron service by September, 1960 instead of the spring of 1961.

The AVRO Aircraft Company had now submitted a new proposal which estimated the cost of 100 operational aircraft as being $781 million, or $7.81 million per aircraft. This excluded termination charges for the ASTRA/Sparrow system from September 1st, which were estimated to be $28 million. Although these costs had been reduced from $12.6 million per aircraft to this figure, it was still considered that the production of 100 such aircraft could not be justified at this price.

The United States had 800 supersonic interceptors in service and were providing sufficient funds to procure a minimum of 650 additional aircraft of these types. With this inventory on hand and in sight, the U.S. had decided to cancel the proposed production of the F106 C & D and to divert the funds saved to development of the F108.

When the Cabinet considered the Arrow on September 21st, 1958, it was agreed that the Chiefs of Staff should investigate and report upon the requirements, if any, for additional air defence missile installations in Canada and for interceptor aircraft of the nature of the CF-105 or alternate types. Since then, the Chiefs of Staff had been carrying out their investigations as a matter of urgency.

The Minister recommended that the further development of the CF-105 be discontinued and that the Chiefs of Staff present the recommendations for air defence requirements that they had been requested to make.

(Memorandum, Minister of National Defence, January 30th, 1959, "CF-105 Avro Arrow Programme").†

2. *The Chairman, Chiefs of Staff* said that the Chiefs of Staff had reviewed their position regarding going into production on the CF-105 that morning. They reviewed the advice they had tendered to the Cabinet on this subject last August 22nd and they were still of the opinion that the changing threat and the rapid advances in technology, particularly in the missile field, along with the decreasing requirements for manned interceptors in Canada, created grave doubts as to whether a limited number of aircraft of such extraordinarily high cost would provide a defence return commensurate with the expenditures. Therefore, the Chiefs of Staff went along with the recommendation that had been made, on the understanding that they should present at an early date their recommendations for air defence requirements, based on the investigations which they were now making as a result of the direction given to them by the Cabinet last September 21st.

3. *The Acting Minister of Defence Production* said that it was estimated now by the officials of the Department of Defence Production that if the CF-105 were cancelled on February 15th, development costs would have totalled $325 million and cancellation charges would be an additional $45 million. If it were cancelled on March 31st, these costs would be $342.2 million and $40 million respectively. The total saving by cancelling now would thus be about $15 million.

4. *The Secretary of State for External Affairs* said he agreed with the recommendation that the development of the CF-105 should be discontinued now.

5. *During the discussion* the following points emerged:

(a) In the Prime Minister's statement of last September, concerning the future of the Arrow, one of the reasons given at that time for continuing the development was the international situation. Discontinuing development now would raise the question of whether the outlook was less clouded. The situation then in mind was related to Quemoy and Matsu; now, that appeared to be better. On the other hand, the Berlin problem was looming larger than it had for some time. How far the Russians would go in cutting off access to West Berlin to the Western Powers remained to be seen. The Prime Minister of the United Kingdom was going to the U.S.S.R. later in the month to ascertain as precisely as possible the Soviet attitude and thus be in a position, if war came, to convince the U.K. public that every possible step would have been taken to avoid it. Now, in regard to the Arrow, it would be possible for the Canadian government to say that, whatever decision was reached, there would be little if any demobilization of the technical team at AVRO before March 31st.

(b) In the course of the investigations which the Chiefs of Staff had been directed to undertake as to additional air defence missile installations or alternative interceptor aircraft, consideration was being given to increasing the number of Bomarc installations in Canada. It might be possible to move two Bomarc stations planned for western United States into western Canada to provide greater protection for that area. Thought was also being given to installing Bomarc units on the Atlantic coast and on the Pacific Coast. A report had been received from NORAD that two such stations could be moved to the areas of Calgary and Swift Current, but this possibility had to be studied further to see if the present radar could be extended as well to tie in with any changes in the Bomarc pattern.

(c) In reply to a question whether interceptors would be needed, as well as Bomarc, *The Chief of the Air Staff* said it was his opinion that they would be. He was thinking in terms of 100 to 115 aircraft, which would provide the necessary fighters for six squadrons and the usual back up. Where they would be obtained was the big question, if the development of the Arrow were discontinued.

(d) Canada could not be expected to provide every type of defence for her own territory. The defence of North America was a matter of mutual defence and Canada was making her contribution by the provision of air space, expenditures on warning systems, communications, Bomarcs and with respect to a share in the ballistic missile early warning system. The NORAD agreement would enable U.S. squadrons of interceptors to be stationed temporarily in Canada, but if the risk of attacks from manned bombers was declining quickly, as many believed it was, such stationing might never be required, let alone the provision of interceptors by Canada herself.

(e) If the CF-105 were discontinued, the public would wish to know what form of defences would be provided in its stead. To this it could be said that the CF-100 would remain in service for a time and that arrangements were being made for defence in other forms than that provided by interceptors.

(f) Although it was not the same sort of problem, the public might take it amiss to see Canada supplying aircraft to the Air Division for the defence of Europe, and yet not having any interceptors available for the defence of the homeland. On the other hand, no decision had yet been reached to re-equip the Air Division. By the time the CF-100 was out of service, the threat of the manned bomber may have disappeared altogether, or at least diminished to the point where no successor interceptor was considered desirable.

(g) The difficulty in the situation was the changing nature of the threat and the fact that the services had to consider now what might be required for 1961-62-63 and up to 1965. If an attempt were made to obtain the best possible defence against the manned bomber, and assuming that the defence budget would be roughly the same order of magnitude as at present, no provision could be made for defence against missiles which most regarded as the principle threat three and four years hence. It seemed that a calculated risk had to be taken for the period 1961-63, to be in a better position to meet the missile threat which would follow that period. At present it was estimated that, to provide 100 CF-105s, with the MA1/Falcon/MB1 weapons system, would cost $781 million. It was still not possible to estimate precisely the cost of re-equipping the Air Division, but it could well be in the neighborhood of $500 million and this could not provide for a replacement for the CF-100.

6. *The Committee* agreed to recommend to the Cabinet that further development of the CF-105 aircraft be discontinued now and that the Chiefs of Staff be asked to present at an early date their recommendations on what requirements, if any, there were for additional air defence missile installations in Canada and for interceptor aircraft of the nature of the CF-105 or alternate types.

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169. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 10, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),

The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

CF-105 ARROW PROGRAMME; REPORT OF CABINET DEFENCE COMMITTEE (PREVIOUS REFERENCE FEBRUARY 4)

1. *The Minister of National Defence* reported that the Cabinet Defence Committee had considered the recommendations he had made to the Cabinet that further development of the CF-105 be now discontinued and that the Chiefs of Staff be asked to present soon their recommendations on what requirements, if any, there were for additional air defence missile installations in Canada, and for interceptor aircraft of the nature of the CF-105 or alternate types. During the meeting, the Chairman of the Chiefs of Staff Committee reported that the Chiefs of Staff had reviewed the position concerning the production of the CF-105, and were still of the opinion that the changing threat and the rapid advances in technology, particularly in the missile field, along with the diminishing requirements for manned interceptors in Canada, created grave doubts as to whether a limited number of aircraft of such extremely high cost would provide defence returns commensurate with the expenditures.

The committee concurred in the recommendations and agreed that they be submitted to the Cabinet for consideration at an early meeting.

An explanatory memorandum was circulated, (Memorandum, Secretary, Cabinet Defence Committee, Feb. 6 — Cab. Doc. 46-59).†

2. *Mr. Pearkes* added that it was impossible to give any assurance that manned interceptors for the defence of Canada would not be bought in the United States some time in the future, if the CF-105 programme was discontinued. It was his own opinion that the threat of an attack on North America by manned bombers was rapidly diminishing. He felt that Russia would not consider launching an attack until it had a large arsenal of intercontinental ballistic missiles. Against these, manned interceptors were useless. If, however, new evidence became available that the Soviet Union was developing more modern manned bombers, then interceptors might have to be bought. The question naturally arose as to why Canada was installing Bomarc when it was effective only against manned bombers. The answer was, that some insurance premium had to be paid against the possibility of bomber attack and this premium was cheaper by far than the CF-105. The U.S. had agreed to pay $91 million out of a total of $110.8 million for the installation of the two Bomarc squadrons in Northern Ontario and Quebec.

3. *During the discussion* the following points emerged:

(a) At the meeting of the Cabinet Defence Committee, the Chief of the Air Staff had stated that the R.C.A.F. would need 100 to 115 interceptor aircraft for several years ahead. These would have to be bought in the U.S. or, failing that, presumably U.S. squadrons would provide

interceptor defence for Canada. This would be particularly awkward when, at the same time, the 1st Canadian Air Division might be in the process of having its F-86 aircraft replaced by more modern machines at a cost of about $400 million to $500 million. In effect, Canada would be defending Europe, and the U.S. would be defending Canada.

(b) On the other hand, the role of the Air Division was different from that of the R.C.A.F. in Canada. Furthermore, if the F-86 were not replaced, the Air Division might just as well be withdrawn from Europe, and the implications of this for the N.A.T.O. alliance were very serious indeed. The proposal now being considered was to assign the Air Division a strike-attack role and equip it with aircraft suitable for the purpose.

(c) It was not true to say that the U.S. would be defending Canada if the CF-105 were discontinued. Canada would be manning the Bomarcs, the warning lines, S.A.G.E. and other installations. The U.S. would man the aircraft which, after all, was a steadily decreasing part of the defence, as the nature of the threat changed; this would mean that the presence of U.S. servicemen would be less apparent than it they were employed in different capacities.

(d) The U.S. intended now to develop the long range F-108 interceptor, which would operate from Greenland and Alaska. It was a large aeroplane, less dependent on ground environment, and very expensive. It would be defending Canada just as squadrons of the U.S.A.F. were doing today in complementing the R.C.A.F. squadrons.

4. *The Cabinet* deferred decision on the recommendation of the Cabinet Defence Committee that the development of the CF-105 Arrow be discontinued.

. . .

170. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 14, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works and Acting Minister of Defence Production (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Fisheries (Mr. MacLean),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Secretary of State for External Affairs (Mr. Smith).
The Secretary to the Cabinet (Mr. Bryce).

. . .

ARROW (CF-105) AIRCRAFT; UNDERTAKING TO PAY DEVELOPMENT COSTS; DECISION TO TERMINATE DEVELOPMENT
(PREVIOUS REFERENCE FEBRUARY 10)

5. *Mr. Green, as Acting Minister of Defence Production*, stated that it was necessary to reach a decision as to whether or not a clear undertaking should be given to the Avro Aircraft Company that the government would meet the expenses involved in continuing development until notice of termination of the contract was given. The company had noted that the costs of this development were, in fact, likely to exceed the financial limitations that had been previously set on the programme, and that, unless these financial limitations were increased, it would be necessary for them now to begin laying off personnel until such time as the contract was extended or terminated. The Minister proposed to reply saying that the company would be paid reasonable and proper costs incurred under the development contract until it was terminated.

6. *The Minister of Finance* said the Treasury Board had withheld approval of proposals of this kind in recent weeks and should not be over-ridden in this matter but should be allowed to consider it again. He noted that the board was confronted with too many such faits accomplis by ministers or departments in taking on commitments that exceeded the financial limitations that had been previously established.

7. *In the discussion of this proposal*, the opinion was expressed that, if this undertaking were now given to Avro, it would increase the government's expenditure undesirably on this contract; no such undertaking should be given but, instead, a decision should be taken forthwith on the termination of the development contract. On this latter proposal it was noted that the Cabinet was clearly of one mind that work on the Arrow should be discontinued. A decision on the matter had practically been taken some weeks ago, but it had been thought that the Cabinet Defence Committee should meet and discuss it again with the military advisers of the government. This had now been done and the committee had recommended termination.

8. *In further discussion* the following points emerged:

(a) When a decision was announced it would be desirable to say as much as possible about arrangements with the United States on production sharing. It was not clear why the statement on that subject had been delayed. It should be recognized, however, that it was not possible to give Parliament any firm assurance as to the scale of the orders that the United States would, in fact place under the production sharing arrangements, even though the Secretary of Defence and others in the U.S. administration were well disposed to place such orders.

(b) No member of Cabinet present was opposed to the termination of the development of the Arrow, although it was recognized that the Minister of Labour, who was not present, was impressed with the employment problem that such action would create.

(c) In the statement on this matter in September,[182] it had been said that development would be continued until March. It was noted, however, that the circumstances which had been spoken of in that statement had changed in the meantime, particularly in regard to the crisis over Quemoy, and the government, in the present circumstances, would be justified in deciding to terminate now the development programme.

(d) It was pointed out that the government faced a serious decision in regard to the equipment of the Air Division of the R.C.A.F. in Europe. The replacement for the F-86 in the Air Division might cost over $500 million. In fact, no decision had yet been taken by the Chiefs of Staff or

[182] Voir le volume 25, document 89, note 136./See Volume 25, Document 89, footnote 136.

the Minister of National Defence to recommend replacement, and it might be that missiles would be used instead, or some other course followed.

(e) It was also pointed out that the government faced the possibility that the R.C.A.F. might be using interceptor aircraft to defend Europe but not to defend Canada itself, which would be defended by American interceptors. This would create quite a political issue. On the other hand, it was noted that the R.C.A.F. would be using Bomarcs to defend Canada, and no decision was being proposed now to use aircraft in Europe. This issue was not directly related to the decision on the Arrow.

(f) It was agreed that other ministers should be present for this major decision, particularly the Minister of Defence Production. The final decision should therefore be taken on Tuesday next and Mr. O'Hurley be asked to be present, even at the cost of having to cancel his appointment in Halifax that day.

(g) A statement should be made in the House of Commons at the same time that the company was notified of the termination, and that statement should be ready when the final decision was taken on Tuesday.

9. *The Cabinet* agreed that the final decision on discontinuing the development of the Arrow (CF-105) aircraft should be taken at a meeting of the Cabinet on Tuesday, February 17th, and the decision when made should be announced forthwith to Parliament at the same time that the company was informed of it.

. . .

171. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 17, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

ARROW (CF-105) AIRCRAFT; REPORT OF CABINET DEFENCE COMMITTEE;
DECISION TO TERMINATE DEVELOPMENT
(PREVIOUS REFERENCE FEBRUARY 14)

12. *The Prime Minister* said a draft announcement on the termination of the development contract for the Arrow had been prepared. It included a section on arrangements with the United States for production sharing and a section on the acquisition by Canada of nuclear weapons for defence. He had gone over the draft in great detail but it was not yet in the right form to be made that day.

13. *The Minister without Portfolio (Mr. Macdonnell)* reported that, the previous day in Toronto, the Premier of Ontario had spoken to him in strong terms about the effects of terminating the Arrow contract upon the municipalities in the vicinity of Malton.

14. *The Minister of Finance* said Mr. Frost had also spoken to him in pungent language about work on the Arrow being stopped. Mr. Frost had complained about so little notice being given to Avro, and had asked why other contracts could not be given to the company. He had replied that the matter had been exhaustively considered, that all possible alternatives had been reviewed, and that the decision would be taken in the light of the best military advice available. He had also told Mr. Frost that, right from the outset, it had never been said that actual production would proceed and that everyone understood that the matter was to be reviewed year by year.

15. *During the discussion* the following points emerged:

(a) The sooner the announcement could be made the better, because the decision to terminate was bound to leak out and the longer the announcement was delayed the more would be the cost.

(b) The most appropriate time for the announcement appeared to be the following Friday. This, as proposed, should refer not only to the Arrow termination but also to production sharing and to the acquisition of nuclear weapons. The Prime Minister's statement should be followed by one by the Minister of Defence Production, which would deal in greater detail with production sharing. In considering this question of timing, the possibility of a motion to adjourn the house to discuss a matter of urgent public importance should not be overlooked.

(c) It would be desirable that notes be exchanged with the U.S. to implement the agreed arrangements on sharing the costs of the new radars, gap fillers, S.A.G.E. and the two Bomarc stations in Ontario and Quebec.

16. The Cabinet,

(a) agreed that the development of the Arrow aircraft and Iroquois engine be discontinued, effective as of the time of announcement;

(b) that an announcement concerning this decision, the production sharing with the United States, and the acquisition of atomic weapons be made in the House of Commons, probably on Friday;[183]

(c) that the contractors be notified of the termination of their contracts at the same time; and,

(d) that an agreement be made with the United States, in the form of an exchange of notes, for the implementation of the agreed arrangements on the sharing of the costs of Bomarc and S.A.G.E. installations in Canada and the associated extension of radar coverage.

. . .

[183] Le premier ministre a fait cette déclaration le 20 février 1959. Voir Canada, Chambre des Communes, *Débats*, 1959, volume II, pp. 1279 à 1282.
The Prime Minister issued this statement on February 20, 1959. See Canada, House of Commons, *Debates*, 1959, Volume II, pp. 1221-1224.

SECTION B

ARMES NUCLÉAIRES
NUCLEAR WEAPONS

SUBDIVISION I/SUB-SECTION I

STOCKAGE DANS DES BASES LOUÉES AU CANADA
STORAGE AT LEASED BASES IN CANADA

172. DEA/50195-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WISER 72 Washington, April 9, 1959

TOP SECRET. WISER. OPIMMEDIATE.

USA PROPOSALS RELATING TO (A) WISER PROCEDURES,
(B) THE REVISION OF THE MB-1 OVERFLIGHT AGREEMENT AND (C) CERTAIN
MATTERS RELATING TO FACILITIES IN CANADA FOR THE STORAGE OF NUCLEAR WEAPONS

At the request of the State Department I called today on Merchant (Assistant Secretary, Bureau of European Affairs) to receive three main USA proposals with respect to the subjects indicated above. Merchant indicated that these proposals had their background in the original USA proposals of December 12, 1957 relating to the closer integration of atomic capabilities in the defence of North America (see our Telegram #2630, December 12, 1957),[184] the meetings of consultation held in Washington November 19, 1958,[185] and the Ministerial Meetings in Paris on December 15.[186] Certain aspects of the proposals had further been discussed directly between the Chiefs of Staff of the two countries. In the light of this background and these recent discussions, Merchant handed to me for consideration by the Canadian Government the following documents:

(1) Text of a revised Schedule B dealing with the movement of aircraft across the border and with methods of clearing flights of USA service aircraft over Canadian territory (Wiser procedures). The text of Schedule B is contained in my immediately following telegram.†

(2) Text of a draft USA note on the need for revision of the M.B.-1 Overflight Agreement relating to tactical weapons which is to expire July 1, 1959. The text of this note is also contained in my immediately following telegram.†

(3) Text of a USA Aide-Mémoire setting forth the interest of the USA in the early completion of arrangements for the storage of MB-1 rockets in support of the USAF squadron at Goose Bay. This Aide-Mémoire further expresses the hope that the Canadian Government will be able to respond favourably to the USA Government's Aide-Mémoire of December 12, 1957 concerning the storage of nuclear weapons at Goose Bay for SAC. Finally the Aide-Mémoire outlines what is described as an urgent operational requirement for the storage of naval nuclear

[184] Voir/See Volume 25, Document 26.
[185] Voir/See Volume 25, Document 133.
[186] Voir/See Volume 25, Document 135.

anti-submarine weapons at Argentia. The text of this Aide-Mémoire is contained in an immediately following telegram.

2. With reference to the first two items, i.e. the revision of Wiser procedures, and the MB-1 agreement, the position as outlined to us in an informal USA document may be summarized as follows:

A. *Need for Revision of XYZ Procedures Governing Nuclear Overflights of Canada by SAC*

(1) The present procedures cover overflights with nuclear weapons only by SAC aircraft. We believe the arrangements should be amended to cover nuclear overflights by any US military aircraft.

(2) We believe that category "X" of the procedures, concerning overflights with non-nuclear components could be eliminated, making such flights subject to the more routine clearance arrangements of Schedule A of Order-in-Council 2307.

(3) We propose to revise category "Y" clearances to permit clearances of 6-month programs to be made at the governmental level with individual flights and any modifications to the original program to be cleared in advance between the Chiefs of Air Staff.

B. *Need for Revision of MB-1 Overflight Agreement* — The present agreement is of an interim nature and will expire July 1, 1959. In its present form the agreement is limited to —

(1) USAF interceptors equipped with the MB-1 rocket;

(2) overflights of Canadian territory extending only as far north as the 54th parallel, and

(3) nuclear overflights under conditions of Red or Yellow alerts.

These restrictions in effect limit the capability of USAF interceptors based in Alaska and the United States to respond effectively to an approaching hostile air attack. Therefore, we now propose to replace the present arrangement with a long-term agreement which would:

(1) continue in force for the period of operation of the North American Air Defense Command (NORAD);

(2) eliminate the term "MB-1 Rocket" in describing the nuclear weapon to be carried by USAF interceptors in view of the probable development of more advanced weapons with different nomenclatures;

(3) remove the present limitation on nuclear overflights beyond the 54th parallel to permit the overflight of all Canadian territory and landing and take-off rights from bases in Canada. Such landing and take-off rights would apply only to US interceptors launched from bases outside Canada and would not apply to USAF interceptors based in Canada;

(4) extend the authorization for such nuclear overflights of Canadian territory from conditions of Red or Yellow Alert to a condition of Air Defense Readiness declared by CINCNORAD. This would permit the interception of hostile aircraft before they had penetrated the North American Air Defense Zone.

3. With reference to the Aide-Mémoire on USA storage requirements on Canadian territory, no supplementary explanations were offered although two Pentagon officials were present to provide elucidation and to answer questions.

4. In view of the history of the matters raised by Merchant and the need to study carefully the new USA proposals, I said simply that they would be forwarded to you for consideration and study and that we might wish to consult with USA experts on the problems raised in the interest of clarification when we had an opportunity of examining these requests carefully.

5. Your early comments on the foregoing would be appreciated. Copies of these messages are being sent for information to the Chairman of the Canadian Joint Staff.

[A.D.P.] HEENEY

173. DEA/50195-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WISER 74 Washington, April 9, 1959

TOP SECRET. WISER. OPIMMEDIATE.
Reference: Our Tel Wiser #72, April 9, 1959.

TEXT OF USA AIDE-MÉMOIRE RE STORAGE OF MB-1 ROCKETS
IN SUPPORT OF USAF SQUADRONS AT GOOSE BAY

Following is text of a USA Aide-Mémoire dated April 9, 1959 setting forth the interest of the USA in the early completion of arrangements for the storage of MB-1 rockets in support of USAF squadrons at Goose Bay, Begins:

"Discussions have recently taken place between military representatives of the United States and Canadian Governments during which the desirability of immediate fulfillment of a NORAD requirement for storage of MB-1 rockets in support of a NORAD F-89 (U.S.) squadron at Goose Bay was mutually recognized. The United States Government endorses this conclusion of the military representatives and, further believes that such other nuclear air defense weapons as are necessary to meet NORAD requirements from time to time should also be deployed at Goose Bay. The United States Government trusts that the Canadian Government will concur in these proposals and, upon notification to that effect, the United States is prepared to proceed immediately with the deployment of MB-1 rockets at Goose Bay.

In addition, the United States Government hopes that the Canadian Government will be able to respond favorably to the United States Government's Aide-Mémoire of December 12, 1957, concerning the storage of nuclear weapons at Goose Bay for the purpose of maintaining the operational effectiveness and readiness of the United States Strategic Air Command.

It has also been determined that there is an urgent operational requirement for the storage of naval nuclear anti-submarine weapons at the United States Naval Base in Argentia, Newfoundland, and the United States Government trusts that this requirement will be able to be fulfilled in the very near future.

It would seem to the United States Government that in view of the recognized desirability of meeting these mutual defense objectives as quickly as possible that the two Governments should proceed with the implementation thereof without awaiting the formal conclusion of other pending arrangements on atomic matters." Text ends.

174. DEA/50210-F-40

Note du chef de la 1ere Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Under-Secretary of State for External Affairs

SECRET [Ottawa], June 9, 1959

STORAGE OF NUCLEAR WEAPONS FOR UNITED STATES AT GOOSE BAY AND HARMON AIR FORCE BASES

This subject is likely to come up for discussion at your meeting today with General Foulkes and Mr. Bryce.[187] General Foulkes, in his memorandum of June 4 to his Minister,† a copy of which you have, indicated that a draft agreement on this matter might be ready for the Government's consideration within two weeks. He recommended that consideration be deferred on the United States request for permission to store SAC weapons at Goose Bay and nuclear anti-submarine weapons at Argentia.

2. The most recent United States approach on this subject was reported in Washington's telegram WISER 74 of April 9, a copy of which is attached. It might be useful to recall briefly the history of the Government's consideration of this and related United States proposals. The original United States approach was made in December, 1957. At that time, the United States sought permission to store SAC weapons at Goose and sought political clearance for discussions in both civilian and military channels of problems connected with the "closer integration of Canada-United States atomic capabilities in continental air defence." The United States proposals were first considered by Cabinet on January 10, 1958.[188] Ministers agreed that the United States Government be informed that the Canadian Government agreed that there might be further discussions between Canadian and United States officials without prejudice to any future decisions of the Canadian Government concerning the closer integration of atomic capabilities in continental defence and the deployment of nuclear weapons to existing storage facilities. Again, on April 28, 1958, Cabinet considered the question and again deferred decision "pending further consideration of the issues involved and further discussions with the United States authorities required."[189] The last time these questions were considered formally by Cabinet was on October 15, 1958. Again the Cabinet authorized the continuance of negotiations on the understanding "that every effort be made to ensure that the Canadian Government or its designated representatives would also have to authorize the use of these weapons in or over Canada by United States as well as by Canadian forces."[190]

3. The other important Government action in this respect was the Prime Minister's statement in the House on February 20, 1959, in which he indicated that the Government was examining with the United States Government "questions connected with the acquisition of nuclear warheads for BOMARC and other defensive weapons for use by the Canadian forces in Canada and the storage of warheads in Canada." There is attached the important paragraph from that statement which deals with the problem of control.

4. It is evidently the intention of the Chairman, Chiefs of Staff, to seek separate Cabinet consideration now of the United States request for permission to store nuclear weapons at

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[187] On a pas retrouvé d'enregistrement de la rencontre./A record of this meeting was not located.
[188] Voir/See Volume 25, Document 34.
[189] Voir/See Volume 25, Document 55.
[190] Voir/See Volume 25, Document 95.

Goose and Harmon for use by the USAF interceptor squadrons there, and not to present Cabinet at the same time with problems connected with the acquisition of nuclear weapons for use by Canadian forces.

5. We understand that the draft agreement spoken of in General Foulkes' memorandum of June 4 is essentially a technical document. His office is currently discussing with the Atomic Energy Control Board and the Departments of Mines and Technical Surveys, National Revenue and Trade and Commerce, the legislative requirements for the import and export of fissile material. Other features of the agreement are likely to be concerned with safety features at the storage facilities, financing of the facilities, and the requirements that Canadian personnel guard the facilities. We have picked up this information orally, but have not seen the draft document. It is not clear to us what provisions, if any, are to be included in it concerning control of the use of these weapons.

6. It is this feature of the proposed arrangements, i.e. control of use, to which you may wish to devote most of your attention. One obvious method of dealing with the question would be to adopt the philosophy underlying the MB-1 Overflight Agreement. That agreement, as it stands, applies only to interceptors based in the United States. It would not, presumably, be too difficult to have its provisions apply to USAF interceptors based in Canada. If this were the case, it would mean that the Canadian Government would give CINCNORAD or his designated representative advance authority to use defensive nuclear weapons from Canada bases in specified conditions of air defence alert. The "designated representative" in this case is likely to be a Canadian since NORAD air defence operations from Goose and Harmon come within the sub-area controlled by the RCAF Air Defence Command at St. Hubert.

7. Ideally, the political authorities in both Canada and the United States should hold the tightest practical rein possible on the military Commanders' use of atomic weapons. On the other hand, there is the requirement seen by the military to clear away in advance as many obstacles as possible to the unfettered use of the best weapons at their disposal to meet an enemy attack. This problem of the relationship between political and military authority existed even when technological factors allowed for relatively leisurely decisions. It becomes ever more pointed as the speed of modern means of weapon delivery increases. In this particular case, it is further complicated for Canada by the fact that certain features of the system are under the control of a foreign government. It is difficult to maintain the position with any degree of realism that the use of nuclear warheads in a purely defensive role in an emergency should have to wait for specific authority from civilian Ministers.

8. There are other presentational problems involved for the Government in decisions taken to permit the storage of nuclear weapons for United States use in Canada, but these will be apparent to Ministers without any special advice from officials.

PAUL TREMBLAY

175. DEA/50046-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], July 31, 1959

125TH MEETING OF THE CABINET DEFENCE COMMITTEE, AUGUST 4, 1959

ITEM 1 — Storage of Defensive Nuclear Weapons at Bases in Labrador and Newfoundland for Use of United States Air Force Squadrons.

The attached submission on this subject by the Minister of National Defence has been discussed at length with officials of this Department. The substance of the question, i.e., the extension of nuclear weapons to Canadian soil, has been discussed on three previous occasions by Cabinet, on January 10, April 28 and October 15, 1958. On each occasion Cabinet deferred decision pending further consideration of the issues involved.

2. The other important government action in this respect was the Prime Minister's statement in the House on February 20, 1959, the most relevant sections of which are included in National Defence's submission. The full text of the Prime Minister's remarks at that time is attached† for your convenient reference. The relevant portion begins at the bottom of page 5 of the attachment.

3. The "negotiating draft" attached as "Appendix B" to National Defence's submission was prepared in consultation with this Department and contains, I believe, the minimum essential conditions to ensure Canadian participation in the control of use of the weapons. The draft is as well consistent with the Prime Minister's statement of policy of February 20. It is this feature of the proposed arrangements, i.e., control of use, to which you may wish to devote most of your attention in the course of the Cabinet's consideration of the paper. The military need for the provision of defensive air-to-air nuclear weapons has been fully established. In addition, the Canadian Government has already, in the MB-1 Overflight Agreement, given its advance authority for the use from bases in the United States of defensive nuclear weapons in Canadian airspace in conditions of grave emergency. It can be argued with a good deal of force that the United States proposals dealt with in the submission are simply a logical extension of the agreement already given by the Canadian Government for use under certain circumstances of similar air-to-air missiles in Canadian airspace.

4. The distinguishing feature, however, is that, for the first time, nuclear weapons would be stored on and used from Canadian territory, albeit in a strictly defensive role and only when there was no doubt that an attack had been mounted against Canadian territory. This significant factor has led me to attempt to set out briefly the worries which I have felt for some time about the gradual drift of the Western Alliance toward a position where nuclear weapons are coming to be considered as conventional. I am therefore attaching† a brief outline of my thinking on the policy implications of what may be called the "domestication" of nuclear weapons. These general thoughts have some relevance to the particular decision which Cabinet is being asked to take. I wish to emphasize, however, that I believe that the recommendation in this particular instance from National Defence is justified and, if approved, will strengthen the common defences of North America.

5. The Prime Minister, in his February 20 statement, said he would inform the House within the limits of security of the general terms of understanding which could be reached between the Canadian and United States Governments on the "acquisition of nuclear warheads for BOMARC and other defensive weapons for use by the Canadian forces in Canada and the storage of warheads in Canada." In the circumstances, I would recommend that public mention be made of the storage of nuclear weapons for American use at Goose Bay and Harmon whenever final agreement between the two Governments is reached on the terms and conditions of such storage. My recommendation in this regard is based on my assessment of the significance of the first occasion on which nuclear weapons are stored on Canadian territory. I would have serious doubts that such a development could be kept secret for any length of time. I am inclined to believe, therefore, that if public reference is to be made to the storage, the wisest course would be to release the texts of the exchange of notes between the two Governments concerning that storage, This is an instance in which presentational factors may be equally, if not more important, than military factors.

6. There is one further idea concerning the immediate proposal for storage of weapons at Goose which I would like to draw to your attention. It concerns the question of whether or not Canada should seek to share with the United States responsibility for the release of the atomic weapons from storage — in other words, the "double key" formula.[191] A change in United States atomic legislation probably would be required if Canada were to insist on this point, and that may constitute the major stumbling block. We are, however, inclined now to believe that such a Canadian stand should not necessarily be an impossible task for the United States. We already insist that joint responsibility must be shared by the two Governments for the *use* of the nuclear weapons, and we have no reason to believe that the United States will object. If the United States is prepared to share control over the use of the weapons, why should there be United States objection to joint control over release of the warheads from storage? If a United States concession were made in this latter regard, it might ease the problem of the Government in domestic terms to some degree at least. To put the question in Canadian terms — why should there be any greater infringement of Canadian sovereignty (by reason of United States custody of the nuclear stockpiles) than is absolutely necessary and consistent with Canadian Government policy as stated by the Prime Minister? The "double key" formula would not require the United States to reveal to Canadians the secrets of the construction of the weapons which are denied by United States atomic legislation. It would, however, permit the Canadian Government to argue more forcibly that we did, in fact, share joint responsibility for the control and use of these weapons with the United States. Such a stand might as well make some small contribution to the change in the climate of opinion which I have dealt with in my attached paper on policy considerations related to nuclear weapons.

7. I suggest that if the Cabinet Defence Committee sees merit in this "double key" formula, we should be authorized to *explore* the possibility of its implementation with the United States authorities, but that *we should not necessarily insist* upon it is this instance if the United States can make a legitimate case to prove its unworkability.

N.A. R[OBERTSON]

[191] Note marginale :/Marginal note:
not a duplicate [Norman Robertson]

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defense to Cabinet Defence Committee

CDC DOCUMENT No. D-8-59 Ottawa, July 24, 1959

TOP SECRET

STORAGE OF DEFENSIVE NUCLEAR WEAPONS AT BASES IN LABRADOR AND NEWFOUNDLAND FOR THE USE OF UNITED STATES AIR FORCE SQUADRONS

1. It will be recalled that at the meeting of Cabinet on 15 October 1958, the Cabinet noted the report of the Minister of National Defence on the proposed negotiations with the United States for the acquisition and storage of defensive nuclear weapons and warheads in Canada.

2. The anticipated requirements and proposals were listed as follows:

(a) nuclear warheads for BOMARC missiles stationed in Canada;

(b) storage of nuclear air-to-air rockets for use by the RCAF in Canada;

(c) storage of nuclear anti-submarine weapons for Canadian and United States use in the North Atlantic;

(d) nuclear warheads for LACROSSE weapons stationed in Europe; and

(e) storage of nuclear air-to-air weapons for United States use at Goose Bay, Labrador.

3. The Prime Minister, in his announcement of Government policy on Air Defence, made in the House of Commons on 20 February 1959, stated:

"Believing that the spread of nuclear weapons at the independent disposal of individual nations should be limited, we consider that it is expedient that ownership and custody of the nuclear warheads should remain with the United States. The requirements of Canadian and United States legislation on atomic energy will continue to apply, and there will be no change in Canada's responsibility to regulate all flights of aircraft over Canadian territory.

Our two governments have assumed joint responsibility for the air defence of Canada and the continental United States, including Alaska, and have implemented their responsibilities through the establishment of the North American Air Defence Command. The Canadian government exercises with the United States government joint responsibility for the joint operations of the command, including the use of defensive nuclear weapons if necessary. In the event that these defensive weapons are made available for use by NORAD, they could be used only in accordance with procedures governing NORAD's operations as approved in advance by both governments. Such weapons, therefore, would be used from Canadian territory or in Canadian air space only under conditions previously agreed to by the Canadian government."

4. The United States Chiefs of Staff have approved in principle the provision from United States holdings of defensive nuclear weapons for the use of Canadian forces and negotiations are now taking place to work out the necessary proposals, which will be submitted to Cabinet Defence Committee for approval in due course.

5. It will be recalled that, by an exchange of notes of 30 June 1959, the Government agreed to US interceptor aircraft armed with nuclear missiles being allowed to operate from US bases through Canadian airspace under conditions of an impending attack. It is now thought advisa-

ble to give consideration to the arrangements necessary to allow the two US interceptor squadrons now stationed in Canada in support of NORAD, to operate under similar conditions.

6. In an aide mémoire of 9 April 1959, the US authorities requested permission to stockpile certain nuclear weapons at bases in Canada for the use of the United States forces. A copy of the aide mémoire is attached as Appendix "A".[192] In this US aide mémoire of 9 April were included the following proposals:

(a) the storage of air-to-air defensive missiles at Goose Bay, Labrador;

(b) the storage of anti-submarine weapons at Argentia, Newfoundland, for Canadian and US use;

(c) the storage of nuclear weapons at Goose Bay, Labrador, for the use of the US Strategic Air Command aircraft which may land at Goose Bay.

Since forwarding this request, the US military authorities have also requested authority for the storage of nuclear air-to-air missiles at the US leased base at Harmon Air Force Base, Newfoundland, for the use of the US Air Defence squadron stationed there.

7. As certain details of the storage of nuclear anti-submarine weapons for use of the US forces and for the storage of weapons for the Strategic Air Command are not yet available for examination, it is not proposed to put forward these proposals at this time. There is, however, an urgent requirements for consideration of the storage of nuclear air defence weapons in Newfoundland and Labrador for use by the two US interceptor squadrons assigned to NORAD.

8. These two interceptor squadrons, one deployed at Goose Bay, Labrador, and the other at Harmon Air Force Base, Newfoundland, are under the operational control of the Commander, Northern NORAD Region, St. Hubert, Quebec, and represent his capability to defend the northeastern air approaches to North America.

9. The squadron at Goose Bay now has the capability to carry air-to-air missile weapons and the squadron at Harmon will shortly have such a capability. However, maximum advantage of this qualitative improvement to our air defence capability and optimum effectiveness of these NORAD-assigned squadrons can only be obtained if air-to-air nuclear weapons are stockpiled at Goose Bay and Harmon, ready for immediate use.

10. The weapons to be carried by these interceptors will initially be the MB-1 air-to-air atomic rocket and it is proposed that this agreement will cover storage of this weapon and any future development of nuclear air-to-air defensive weapons accepted by NORAD for the defence of North America.

11. It is understood that storage facilities for these weapons are already in existence on the property leased by the US government at Goose Bay and Harmon and in any case the provision of storage facilities will be entirely the responsibility of the US government.

12. Physical security for the storage sites will be the responsibility of the US government and they will provide the necessary safeguards against accidental explosion and for the protection of lives and property.

13. The delivery of these weapons to Goose Bay and Harmon will be governed by the conditions of the Canadian regulations governing overflight of Canada by aircraft carrying nuclear weapons and components. Use of the weapons and the flights of interceptor aircraft carrying these weapons in Canadian airspace will be subject to the same conditions as apply to United States aircraft stationed outside Canada, as detailed in the Interceptor Nuclear Overflights Agreement of 30 June, 1959.

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[192] Voir/See Document 172.

14. It is proposed that this agreement continue in force as long as the Interceptor Nuclear Overflights Agreement of 30 June, 1959,[193] remains in force.

15. It has been ascertained that appropriate authority for importing and exporting nuclear weapons and for the storage of such weapons in Canada by US forces can be obtained from the Canadian government department concerned without change in existing regulations.

Recommendations

16. The Chiefs of Staff recommend, and I concur, that approval be given to the request by the United States Government to stockpile Air Defence Nuclear Weapons at Goose Bay, Labrador, and Harmon Air Force Base, Newfoundland, for the use of United States Air Force squadrons under control of NORAD and under conditions as specified above.

17. If approval is given, the terms and conditions will be negotiated with the US Government and agreed to by an exchange of notes. A draft copy of a proposed Canadian note to the US Government is attached as Appendix "B".

[GEORGE PEARKES]

[PIÈCE JOINTE 2/ENCLOSURE 2]

APPENDICE « B »/APPENDIX "B"

Projet d'une note du secrétaire d'État aux Affaires extérieures pour l'ambassadeur aux États-Unis

Draft Memorandum from Secretary of State for External Affairs to Ambassador in United States

SECRET [Ottawa], July 29, 1959

STORAGE OF DEFENSIVE NUCLEAR WEAPONS AT GOOSE BAY
AND HARMON AIR FORCE BASE
NEGOTIATING DRAFT

I have the honour to refer to discussions between representatives of the Canadian and United States Governments concerning the strengthening of the continental air defences by a gradual increase in the numbers of air defence weapons with nuclear capability. These discussions have taken into account recommendations by CINCNORAD as to the immediate military requirement for the storage at certain points in Canada of nuclear air-to-air defensive weapons.

Recognizing the need to strengthen the continental air defences against the threat which exists, and realizing that the full potential of air-to-air defensive weapons is achieved only when they are armed with nuclear warheads, the Canadian Government is prepared to permit the storage of nuclear air-to-air defensive weapons in Canada in accordance with the conditions set out in the attached Annex.

I have the honour to propose that if these conditions are acceptable to your Government, this Note and your Reply shall constitute an Agreement between our two Governments, to take effect on the date of your reply.

[193] Voir/See Document 196.

[ANNEXE/ANNEX]

SECRET

1. The weapons under consideration are such defensive nuclear air-to-air weapons as may from time to time be made available to the forces under the command of CINCNORAD.

2. These weapons will be stored at Goose Bay, Labrador, and Harmon Air Force Base, Newfoundland. The cost of the establishment, maintenance and operation of the storage facilities shall be the responsibility of the United States Government.

3. Physical security for the storage sites will be the responsibility of the United States Government. Safeguards in the design and handling of these air defence weapons to minimize the possibility of accidental explosion and to afford the maximum protection of lives and property will be the responsibility of the United States Governments and will be acceptable to the Canadian Government.

4. Ownership and custody of the nuclear warheads shall remain with the United States Government in accordance with United States law.

5. Transportation to or from storage facilities of these weapons and warheads through Canadian airspace will be governed by Canadian Government regulations. Import and export of these weapons will be subject to Canadian Government regulations, and detailed procedures will be negotiated between the appropriate Government Departments.

6. Joint responsibility for the use of these weapons will be shared by the Canadian and United States Governments. They will be used only in situations of grave emergency and in accordance with plans and procedures governing the operations of the North American Air Defence Command as approved by the two Governments

7. Any test firing of these weapons which may be required will take place outside of Canada.

8. The terms of this Agreement will be reviewed annually by the two Governments and may be terminated by either Government upon six months' notice.

9. Supplementary arrangements or administrative agreements between authorized agencies of the two Governments may be made from time to time for the purpose of carrying out the intent of this Agreement.

176. PCO/C-20-9(a)-M

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], August 4, 1959

Present

The Minister of National Defence, (Mr. Pearkes), in the Chair,
The Secretary of State for External Affairs, (Mr. Green),
The Minister of Finance, (Mr. Fleming),
The Minister of Defence Production, (Mr. O'Hurley).

The Acting Secretary (Mr. Dewar),
The Military Secretary (Group Captain Weston).

The Chairman, Chiefs of Staff, (General Foulkes),
The Chief of the Air Staff, (Air Marshal Campbell),

The Secretary to the Cabinet, (Mr. Bryce),
The Under-Secretary of State for External Affairs, (Mr. Robertson),
The Assistant Deputy Minister of Finance, (Mr. Plumptre),
The Assistant Deputy Minister of Defence Production, (Mr. Hunter),
The Assistant Secretary of the Treasury Board, (Mr. MacNeill).

1. *The Minister of National Defence* said that the Prime Minister was unable to be present for the meeting, but that he had read the papers on the agenda items and had expressed the wish that the Committee consider them.

I. Storage of defensive nuclear weapons at bases in Labrador and Newfoundland for the use of United States Air Force squadrons

2. *The Minister of National Defence* recalled that on October 15th, 1958, the Cabinet had noted the report of the Minister of National Defence on the proposed negotiations with the United States for the acquisition and storage of defensive nuclear weapons and warheads in Canada. The Prime Minister had informed the House of Commons on February 20, 1959 that the government was examining with the U.S. government questions connected with the acquisition of nuclear warheads for Bomarc and other weapons for use by the Canadian forces in Canada and in Europe, and the storage of warheads in Canada. The Prime Minister had said the government believed that, in the interests of limiting the spread of nuclear weapons at the disposal of individual nations, the ownership and custody of the nuclear warheads should remain with the United States. Nevertheless, in the event that defensive nuclear warheads were made available for use in Canada by forces under the command of CINCNORAD, they would be used from Canadian territory or in Canadian air space only under conditions previously agreed to by the Canadian government. The United States Chiefs of Staff had approved in principle the provision of defensive nuclear weapons for the use of Canadian forces and the necessary negotiations were now being carried out.

At its last meeting, the Committee had agreed to permit U.S. interceptor aircraft armed with nuclear missiles to operate from U.S. bases through Canadian air space under conditions of impending attack. It was now thought advisable to give consideration to the arrangements necessary to allow the two U.S. interceptor squadrons now stationed in Canada in support of NORAD, to operate under similar conditions.

In an aide mémoire of April 9, 1959, the United States had requested permission for the storage of nuclear weapons in Canada as follows,

(a) the storage of air-to-air defensive missiles at Goose Bay, Labrador;

(b) the storage of anti-submarine weapons at Argentia, Newfoundland, for Canadian and U.S. use;

(c) the storage of nuclear weapons at Goose Bay, Labrador for the use of the U.S. Strategic Air Command aircraft which might land at Goose Bay.

Subsequently, the U.S. military authorities had also requested permission to store nuclear air-to-air missiles at Harmon Air Force Base, Newfoundland, for the use of the U.S. Air Defence Squadron stationed there. It was not proposed at this time to seek a decision on the request to store in Canada nuclear anti-submarine weapons or nuclear weapons for the use of the Strategic Air Command, but there was an urgent requirement for consideration of the storage of nuclear air defence weapons for the use of the two U.S. interceptor squadrons assigned to NORAD and stationed at Goose Bay, Labrador and Harmon Air Force Base, Newfoundland.

The squadron at Goose Bay, Labrador had now the capability to carry air-to-air missile weapons, and the squadron at Harmon would soon have that capability. But the maximum effectiveness of these squadrons could be obtained only if air-to-air nuclear weapons were

stockpiled at the two bases ready for immediate use. It was understood that storage facilities were already in existence on the property leased by the United States at Goose Bay, Labrador and in any case the provision of storage facilities would be entirely the responsibility of the United States, as would physical security for the sites and the provision of safeguards against accidental explosions. The weapons to be stored would initially be the MB1 air-to-air atomic rocket, and it was proposed that the agreement should cover storage of this weapon and any future development of nuclear air-to-air defensive weapons accepted by NORAD for North American air defence. The delivery of the weapons to Goose Bay and Harmon would be governed by the conditions of Canadian regulations concerning overflight of Canada by aircraft carrying nuclear weapons and components, and the use of the weapons and the flights of interceptor aircraft carrying these weapons in Canadian air space would be governed by the same conditions as applied to U.S. aircraft stationed outside Canada as detailed in the Interceptor Nuclear Overflights Agreement of June 30, 1959. It was proposed that the agreement on storage of these air defence weapons at Goose Bay and Harmon continue in force as long as the Interceptor Nuclear Overflights Agreement remained in force.

3. *The Minister of National Defence*, on the advice of the Chiefs of Staff, recommended that approval be given to the request by the U.S. government to stockpile air defence nuclear weapons at Goose Bay, Labrador and Harmon Air Force Base, Newfoundland, for the use of U.S. Air Force squadrons under control of NORAD and under the conditions specified above.

An explanatory memorandum had been circulated. (Minister's memorandum, July 24, 1959 — Document D8-59).

4. *Mr. Pearkes* said that a draft Note had been prepared as a basis for negotiating an agreement with the United States on the storage of nuclear air defence weapons. The Annex to the draft Note set out the proposed conditions of the agreement.

5. *During the discussion* the following points emerged:

(a) Although the Annex to the draft Note stated that joint responsibility for the use of these weapons will be shared by the Canadian and United States Governments and that they would be used only in situations of grave emergency and in accordance with plans and procedures governing the operations of the North American Air Defence Command as approved in advance by the two Governments, no specific reference was made to joint control over the removal of the weapons from storage. It was proposed that the words "the removal from storage and" should be included after "joint responsibility for" in the first sentence of para. 6 of the Annex to the draft Note, to ensure that the conditions of removal of the weapons from storage as well as of their use should be a matter of joint decision by Canada and the United States. As an alternative it was suggested that in place of insisting on conditions of joint removal from storage, the United States should be requested to advise the Canadian government prior to a decision being taken to release the weapons from storage.

(b) For greater clarity, the second sentence in para. 3 of the Annex to the draft Note should be amended to read: "Safeguards ... will be the responsibility of the United States Government and will be subject to approval by the Canadian Government."

(c) It had been agreed by Canada and the United States that nuclear air defence weapons would not be released for use until after a state of maximum Air Defence Readiness had been declared by CINCNORAD. The declaration of such a state of readiness would not normally be made without consultation between the two governments, but CINCNORAD had authority to make the declaration himself under emergency conditions, if hostile aircraft had penetrated the air defence system. The decision whether to use nuclear air defence weapons, after the declaration of the state of Maximum Air Defence Readiness had been made, would also be a subject for consultation between the two governments. Some Ministers believed that this decision should not be taken without the agreement, for Canada, of the Prime Minister or the

Acting Prime Minister, and were of the view that this safeguard was necessary to prevent unjustified use of the weapons. It was pointed out, on the other hand, that if the agreement of the Prime Minister or the Acting Prime Minister were necessary before the weapons could be used, the Ministers concerned would need to exercise great care and be subject to considerable inconvenience in order to ensure that they would be available to approve the decision in the very short time available. In any case, it was doubtful whether, under emergency conditions, U.S. authorities would delay taking what they thought was necessary action in regard to their use of nuclear weapons even if Canadian approval had not been given. It might be better to set out very carefully beforehand the conditions under which CINCNORAD could himself take the decision whether to use these weapons. It did not seem possible that a mistaken release of these weapons could precipitate a nuclear war, because they could be used only over North America if enemy bombers had committed a hostile act or penetrated many miles of Canadian air space.

(d) It would be unwise to make public the Annex to the draft Note because it designated the locations of the weapons storage sites in Canada, which would surely be important targets for an enemy. On the other hand, the disclosure that physical security of the sites in Canada would be a U.S. responsibility, without stating where the sites were, might create unjustified public concern. It was considered that the undertaking of the Prime Minister to give the House of Commons what information could be disclosed within the limitations of security could be carried out without tabling the Exchange of Notes if a statement were made on the subject in the next Parliamentary session. It would be desirable to make a statement at the same time about the arrangements made for obtaining nuclear weapons for the use of Canadian forces; for this reason, the necessity for avoiding any publicity about the agreement on storage of weapons in Canada should be impressed upon U.S. authorities.

6. *The Committee* agreed to recommend:

(a) that the request of the United States government to stockpile air defence nuclear weapons at Goose Bay, Labrador, and Harmon Air Force Base, Newfoundland, for the use of United States Air Force squadrons under control of NORAD, under the conditions set out in the Minister's memorandum, should be approved:

(b) that the following amendments should be made to the Annex to the draft Note:

(i) second sentence of para. 3 to be amended to read "Safeguards ... will be the responsebility of the United States Government and will be subject to approval by the Canadian Government;"

(ii) first sentence of para. 6 to be amended to read "Joint responsibility for the removal from storage and the use of these weapons will be shared by the Canadian and United States Governments."

(c) that the draft Note and Annex as amended, should be used as a basis of negotiation with the United States;

(d) that the Exchange of Notes should not be tabled in Parliament but that a statement setting out the situation, within the limitations of security, might be made to the next session of Parliament;

(e) that United States authorities should be informed of the need for avoiding publicity on the matter at the present time.

. . .

177. CEW/Vol. 3098

Notes d'une réunion non officielle entre le secrétaire à la Défense des États-Unis, et le ministre de la Défense nationale

Notes of an Informal Meeting between Secretary of Defense of United States and Minister of National Defence

SECRET [Ottawa], August 11, 1959

Present were the following:

Mr. McElroy, Mr. Pearkes, Mr. Gates, General Foulkes,
Mr. Miller, Dr. Hannah, Mr. Wilgress, Air Marshal Campbell,
Lt-General Clark, Rear Admiral DeWolf, Dr. Keyston, Colonel Krips, Colonel Crocker.

At the beginning of the meeting Mr. Pearkes asked Mr. McElroy whether he would explain briefly his views on the so-called master plan for the air defence of the North American continent.

The Secretary started by asking if he could go back for a period of time to the point where it was realized that a definite threat existed to the continental United States and Canada from long range enemy bombers. The most important requirement was warning lines and these, as all present knew, had been implemented by the construction of the Distant Early Warning Line, by the construction of the Mid-Canada Line and by the construction of the Pinetree Line, which also was a control line. This initial implementation had been successful but it had been necessary, and it would be necessary in the future, to improve this warning as much as was possible. This was a process that was continuing and would continue as a joint effort between the two countries.

In addition to the provision of manned interceptor aircraft to cope with a bomber threat, the first missile to be produced was put into service. This weapon was the Nike-Ajax. The governing philosophy for the location of the defences in the United States had been that the first priority must be the industrial and residential complex, which was mainly in the north-eastern United States. However, times had changed this philosophy as it had been realized that it would be very difficult to stop all bombers and passive defence could never be complete. In view of this, a change in philosophy had evolved, which became known as the theory of retaliation.

The retaliatory power must be able to strike back with devastating effect after the home country had absorbed the first attack from the enemy. Therefore, an important part of this philosophy was that the retaliatory force had to be protected at all costs and that the priority for defence shifted from the industrial and residential complex to the protection of those sites which would provide a retaliatory forms, whether it be by missile or by SAC bomber.

With regard to the Bomarc, had this weapon been produced more quickly than it had been, it is quite possible that the Nike family would not have been proceeded with. The Bomarc gave a longer reach to the defence and provided a sort of regional defence, but unfortunately its development had not been as quick as had been hoped initially and other weapons were therefore introduced into the system.

It was the considered opinion of the Joint Chiefs of the United States that the bomber would remain a very real threat. However, as time was passing the relative proportion of attack by bombers would decrease. It was now the opinion of the United States that a highly concentrated defence against the bomber threat was an outmoded concept.

With regard to the changes that were taking place in the defence forces, it was a reduction in quantity to balance the resources of the country. The governing philosophy was now the concept of defence in depth and to do this certain changes were being made according to the so-called master plan.

The United States interceptors were being redeployed to the northern United States to act as the first line of defence which would reach out to identify, and if necessary, destroy an attacking enemy. The number of squadrons was declining from about 52 squadrons in 1959 to a planned 44 squadrons in 1963. In addition, it had been decided to deploy Bomarcs on the peripheral principle concept for the southern border of the United States. By deploying these weapons in the far north of the United States and on the coasts, it would provide contiguous cover along a peripheral line and would also cover the prime population areas of Canada.

The third line of defence, as it affected both interceptors and Bomarcs, would be point defence mainly of SAC and other important retaliatory targets. This would be done by the Nike-Hercules system. The Secretary pointed out that it would considered most important that SAC bases be protected in order to allow for continued operations after the initial attack had been absorbed.

In order to provide the fullest environment for interceptors and Bomarcs the Sage system was being proceeded with and the main control squadrons would be underground, except for those in the centre of the continent where it was not considered necessary to harden the facilities as they would be used for the control of civil air traffic during peace time and the guidance of one's own bomber aircraft on outward missions in times of war.

The Secretary stressed that he considered the Bomarc line close to the border of the United States and Canada to protect the populated areas of Canada, but he stressed the need for an improvement in radar support facilities for U.S. based missiles in Canada.

At this point Mr. Pearkes pointed out that seven major radars were being built and asked the Chief of the Air Staff to report how these were proceeding.

Air Marshal Campbell reported that the two eastern heavy radars had already started construction and that the site surveys for the five radar stations in western Canada had been completed but construction had not yet commenced. He pointed out that Canada and the United States were co-operating very closely on the military and for the whole programme.

Mr. Pearkes then asked what of the gap filler programme and the suggested changes in the number of stations to be implemented.

Dr. Keyston mentioned that he had had talks with U.S. defence scientists with regard to this matter and that these talks were continuing.

Secretary McElroy pointed out that the proposal involved improvement in radars to provide anti-MCM capability and an extension of gap fillers to provide low cover up to 150 miles beyond Bomarc sites. There was to be a suggested increases of from 45 to 75 gap fillers. The United States estimated that $200 million would probably be required for these improved facilities and for the additional gap fillers.

Air Marshal Campbell stated that the R.C.A.F. had not received concrete proposals on the programme from the U.S.A.F., but they understood such a proposal would be made at an early date when the programme had been firmed. It was a comparatively short time since this new requirement had been stated.

Secretary McElroy proceeded by pointing out that the number of Bomarc sites had been reduced in the latest proposal that had been accepted by Congress, but what bases were to be established and put in operation would have a true and high capability. His scientific advisers had told him that to achieve this true capability there was a need for upgraded efficiency of equipment, especially in the radar field, but he and his colleagues realized that both for Canada and themselves a cost factor had to be taken into consideration when considering the degree of capability.

Mr. Pearkes then mentioned that it had been impossible for the government to authorize proceeding with the CF-105 Avro-Arrow programme and that we were continuing to rely on our CF-100 aircraft to provide our fighter facility in the Ottawa sector and on the west coast at Comox. He would like to ask the Secretary of Defense what his idea was for the use of fighters in the system. What did he think of Norad's ideas for the use of Canadian fighters in defence? Did Mr. McElroy think that we could facilitate the use of United States aircraft in Canada?

Mr. McElroy stated that any development of fighter aircraft to the north, whether within the United States or into Canada, would help us all, but it was the opinion of the United States government that there was a national problem for Canada. They would be only too delighted to be able to place United States squadrons in Canada, but at present they were re-deploying their forces to the north in the United States. He asked whether it would be acceptable to the Canadian government and to the Canadian people to have U.S. manned and operated squadrons operating from Canadian air bases in Canadian air space in peace time. He wanted to point out that it was his opinion that the interceptor was now, and would continue to be, very useful for identification. Such identification had a great effect on the way in which one operated one's missiles and bombers. The problem as we got more and more into the missile age was that the missile system was an unrecallable system. Bombers on an outward run could be recalled, but once a missile had been fired there was no way of bringing it back. It was therefore important that the flexibility and certainty of identification by manned aircraft continue and if anything, be improved. Such flexibility and certainty could not be provided by missiles.

Mr. Pearkes felt that Canada was not yet ready for the permanent stationing of U.S. aircraft on her territory in peace time. The Canadian people were not yet ready for such a step, but it seemed logical that some form of educative programme be proceeded with to stress the importance of co-operation of this kind in the future. He pointed out that in an emergency, under Norad agreements, American forces could operate from Canadian bases, but it would be well to lay the ground work for possible changes in the future and he considered that we should push ahead with the improvement of some of our bases to provide recovery stations for U.S. aircraft which had initially flown their missions from home stations in the United States into Canadian air space.

There had been raised the question of the redeployment of the nine Canadian squadrons to disperse them across Canada in nine one squadron stations. Perhaps the Chief of the Air Staff would care to comment on this proposal.

Air Marshal Campbell noted that we had nine squadrons, two each at Bagotville, St. Hubert, Ottawa and North Bay and one at Comox. He realized the military value of a re-deployment into the prairie regions and into the Maritimes. However, it was questionable whether the large amount of money that would be required for such a deployment would be justified for the existing fighter aircraft. In any case, whether or not there was to be a replacement aircraft for the CF-100, which was a subject that would have to be discussed as time passed, he felt it most important that we should raise our base facilities across Canada to the position where U.S. fighters could use them in the manner Mr. Pearkes had suggested. This would require the provision of refuelling storage for ammunition and nuclear weapons and other supplies and the programme was now being studied actively.

General Foulkes asked Mr. McElroy whether he would speak briefly to the group on the philosophy which governed the F-108 Mach 3 interceptor programme.

Mr. McElroy pointed out that this was a programme which was an extremely long way off at present and would be re-examined continuously. It would be extremely difficult either to abandon the programme or to proceed with it fully. The programme envisaged at present a Mach 3 aircraft with a thousand mile circular range, carrying its own radar with a range of some 95 to 100 miles. It was his opinion that we should not base our plans on the assumption that this aircraft would definitely come into the inventory.

Mr. Pearkes then asked how quickly a dispersal of the Canadian squadrons could be put into effect.

The Chief of the Air Staff said that such dispersal could be made quite easily, and as he had pointed out previously, he did not consider it held up at the present time.

In answer to a question of how much money would be required, he thought that it would be about $25 million.

Secretary McElroy pointed out that in war the U.S. first requirement was for bases in its own country but that recovery bases which would allow continued operation of U.S. aircraft would be of great assistance to the common effort.

Mr. Pearkes asked Mr. McElroy for his views on whether or not Canada should develop air bases in Western Canada for use as recovery stations for the United States.

Secretary McElroy said that in his view there were two uses for bases in Western Canada which would have priority as follows. Firstly, for Canadian purposes, and secondly, as recovery bases for the U.S. interceptors.

The Chief of the Air Staff pointed out that there was in the Canadian programme funds available for raising the level of some of our bases, namely, the ones at Namao, Saskatoon and Gimli.

In reply to a question as to what were required in addition to lengthening and strengthening the runways, he again reiterated that certain facilities for arms weapons storage and rearmament and refuelling would be required.

At this point Mr. McElroy said that he would like to raise the question of the storage of nuclear weapons in Canada for use both by American and Canadian forces. It was the U.S. opinion that the ball on this question was firmly in the Canadian court and he would like to ask whether he could get any answers to the various facets of this question.

General Foulkes then outlined for the benefit of the group the position of the storage of nuclear weapons. He mentioned briefly that this matter had been discussed at the Joint U.S.-Canada Ministerial meeting in Paris in 1958[194] and that the U.S. Chiefs had agreed to a programme of acquisition for Canadian forces. So far the Canadian government had agreed to the storage of air to air nuclear weapons at Goose Bay and Harmon Field. It was expected that an exchange of notes would take place within the next few weeks. A draft note was already in preparation and clearance was expected shortly.

General Foulkes continued that he was to visit Washington shortly, probably next week, for discussions of the broader field of the acquisition of atomic weapons by Canadian forces in Europe, as well as on the North American Continent, and that an exchange of notes on the general conditions affecting acquisition, storage, custody, etc., was first required. When this general agreement had been reached, specific agreement would have to be made for the various commands as there are differing requirements for weapons for the forces operating under

[194] Voir/See Volume 25, Document 135.

SACEUR, SACLANT and NORAD. It was intended to deal first with the question of defensive weapons for both countries and then later to grasp the nettle of storage of SAC atomic weapons at Goose Bay.

Mr. Pearkes said that he hoped it would be possible to get the SAC question cleared by January, with a little luck, but he should point out that there may be some trouble with this problem. This was a problem that would be discussed at the forthcoming meeting of U.S.-Canadian Cabinet Ministers which it was hoped would be held in Washington in November.[195]

Air Marshal Campbell said that a question that was often asked was what was the concept of the use of the nuclear weapons which would be stored at Goose Bay.

Mr. McElroy stated that, in the main, these weapons would be required for re-strike arming of aircraft which had made initial missions from U.S. bases, but it was a philosophy of the government that it was wise to disperse their stock of nuclear weapons in many areas. There was in the U.S. some question as to whether or not the U.S. was not building up too large a stock of atomic weapons which could never all be used. Surely it was most important that enough weapons be spread around in order to provide for a retaliatory strike after the initial enemy attack had been absorbed.

General Foulkes, in reply, stated that it would be of great assistance in presenting this matter to the government if it could be firmly established that Goose Bay would not be an original strike base.

Secretary McElroy pointed out, however, that if aircraft were able to get off the ground in the U.S., even if they were unarmed, these aircraft would be able to call at a base such as Goose Bay for arming before proceeding on a strike mission into the enemy heartland.

Mr. Pearkes, in reply to a question, stated that the refuelling programme was proceeding well and that contractors were on the site. One question he did wish to ask, however, reverting to Goose Bay, was the question of whether or not the U.S. envisaged additional ground defences for the base subsequent to the provisional storage of nuclear weapons for use there. No additional defences were contemplated. He also pointed out that the question had been raised by some of his colleagues with regard to the question of consultation prior to the removal of nuclear weapons from storage prior to the arming of aircraft.

Mr. McElroy pointed out that one of the difficulties of modern war was the great speed at which anything would happen. It would be quite impossible to talk or held discussions when there was an actual attack heading for North America.

Secretary Gates pointed out that in the defence against the ballistic missile with the Nike-Zeus system, there would be a requirement for the weapon to be fired immediately by the battery commander, who might be quite a junior officer. This was a very difficult problem which would become more complex as we entered the missile age.

Secretary McElroy pointed out that it was most important that legal commanders be given the fullest instructions for action in the event of an emergency when consultation is not possible.

The Deputy Minister, Mr. Miller, entering the discussion, asked whether he might refer briefly to the philosophy of the bomber. He asked Secretary McElroy whether he would give us his views in this regard both from our own and from the enemy standpoint. He had noticed only that day from the press that a federal contract of some many millions of dollars for the development of a chemical for the Mach 3 aircraft had been cancelled. Perhaps Mr. McElroy might say something in this regard.

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[195] Voir/See Document 229.

In reply, Secretary McElroy stated that the B70 programme had not been cancelled, but the question that was facing both the scientists and planners was whether or not the Mach 3 aircraft were really necessary. At present the B52 was the main armament of the Strategic Air Command, supported by a number of Mach II B52 Hustler medium bombers which required refuelling facilities. However, it was useful to have the latter as in any major attack in a general war against the enemy, these aircraft, by their speed and complexity, would be able to complicate the enemy's defence system ahead of the main strike missions by the B52's. It was the recommendation of his scientific adviser, Dr. York, that the U.S. should proceed with at least one Mach 3 aircraft, whether or not it be the F105 or the B70. This would provide opportunities for study the characteristics of aircraft at there very high speeds.

Secretary Gates added that one should also remember the question of a nuclear unmanned bomber. He stressed the point that for at least the next ten years there would be a requirement for the bomber on both sides should it be necessary for any precision targets to be attacked.

Secretary McElroy considered that in general war there was a most important requirement for precision weapons to finish off one's enemy and it is on this understanding that we are continuing the bomber defence.

The Deputy then asked what the Secretary's interpretation was of the Russian's position.

Mr. McElroy said that the intelligence estimates were that the Russians had at present some 125 heavy bombers only but those were supplemented by over a thousand medium bombers, and he was sure that the Russians would not hesitate to use these aircraft in one-way missions, sacrificing the crews who could look after themselves. We think, he said, that they are working on defence bombers, but so far they had no indication that they are proceeding into production with any. It was his opinion that there was a defence requirement against the manned bomber, but for how long, he was not certain. He continued to point out that the new plan was quite a considerable reduction from the original NORAD requirement plan. 1959-62 was at present the period when the bomber threat would be greatest.

Mr. Pearkes then said that Canada was helping, he hoped, to meet the manned bomber threat. What of the next stage? He would like to know what the secretary's views were on ways in which Canada could help the joint effort for defence of this continent in future years when we see the main attack coming from other than the manned bomber.

Secretary McElroy thought that Canada was doing very well. She was helping with the communications system required for BMEWS and was doing everything that was suggested and within Canadian capabilities. One point that he could raise, however, was that there would be in the foreseeable future a requirement for a number of ground communications and trading stations for satellite in Canada. It would not be too long before the use of satellites for various defensive and offensive purposes would be a reality. It was therefore important that a continuous track and surveillance be kept of any such satellites crossing the continent. One could well understand that these vehicles could be used for increased communications, for navigation systems, especially for submarines, and for surveillance purposes. The Secretary hoped that the Minister would make a trip to the Pacific missile range at an early date, accompanied by some of his top advisors, where he would see something of the American effort in this regard.

Mr. Pearkes pointed out that he was visiting Seattle early in October, and the Secretary thought that this would be an excellent occasion for him to visit this establishment. It was suggested that General Foulkes might raise this question when he visits General Twining in the near future.

Continuing the discussion on Canada's effort in the future, Secretary Gates pointed out that any money that Canada could spend for pure basis research on the problem of missile defence would be of great assistance to the common defence effort.

Secretary McElroy, also looking into the future, dealt with the question of the anti-missile missile. At present the Nike-Zeus was the only system that promised any success at all as a production vehicle. It was not yet known whether it would be wise to make great sacrifices at some $8 billions or $10 billions for what might well be more than a 25% destruction rate. It might be much better to put more money into increasing and improving one's own offensive retaliatory force.

Switching the subject, Mr. Pearkes asked the Secretary whether the U.S. was making any definite progress regarding survival training or civil defence. He gave Mr. McElroy an outline of the Canadian position and the change that had recently been made in the organization for national survival and the role of the Canadian Army in this task.

Mr. McElroy admitted that the U.S. had done comparatively little on civil defence. A new effort had recently started with the Governor of New York, but he thought it was fair to say that the U.S. had been very unsuccessful in their civil defence effort. The Federal government had decided not to finance in this field at all.

Dr. Hannah stressed that he thought the U.S. should follow Canada and get one of the armed forces to take the responsibility for this role.

Mr. Pearkes pointed out that Canadians were accepting the role given to the Militia and to the Regular Force for control and maintenance of order in an emergency, and he felt that the Canadian government was managing to sell the people on this programme.

Dr. Hannah suggested that it would be most useful to the U.S. to see a successful conclusion of the Canadian position and that this might well be brought home to the American people and pointed out how important this was to them as well.

Mr. Pearkes then requested Secretary McElroy to give his advice regarding the Canadian position in NATO. He would like to know what might happen to the Canadian air division when it had a nuclear capability. He was disturbed by the position that had arisen in France which had led the U.S. to redeploy some of its fighter bomber aircraft.[196] In the meantime, could he have the Secretary's assurance that our squadrons, which lived on the same U.S. logistic pipeline, would continue to be supported from this source?

The Chief of the Air Staff assured the Minister that he had received military assurance on this point, but Secretary McElroy stated emphatically that the Minister could rest content that the U.S. would give full support in this regard.

Mr. McElroy further stated that it was the opinion of himself and his colleagues that the position in France would not continue as it is. He said that we must believe this if we believe in NATO at all and we must look upon it as a temporary position. He hoped that the cloudiness of the position would clear somewhat after the President had had a chance to talk to General de Gaulle during his forthcoming visit to Europe and he hoped that a redeployment of the aircraft now being moved could be made within the foreseable future to their original bases.

Mr. Pearkes then asked the Secretary about certain rumours that had filtered to Canada regarding the possible discarding of the Lacrosse weapons system.

Mr. McElroy said that the U.S. were activating further Lacrosse units, but they did not intend to develop a further family of weapons from this one. There were other weapons, such as the Pershing, which in time would replace the Lacrosse. He wanted to assure the Minister that it was the firm intention to continue with the programme of Lacrosse originally scheduled.

Mr. McElroy then brought up for the Minister's attention the question of a large-scale air defence exercise which was the largest of its kind so far envisaged. It was to take place in

[196] Voir les documents 97 et 98./See Documents 97-98.

October and it required the grounding of all civil aeronautical traffic for some six hours. There would be an official exchange of information, but he thought that it was most important that such an exercise take place at least once a year in order to ensure that our defensive system was as complete as possible. In this exercise there would be use of MCM. It would really stretch our radar facilities to their utmost and he felt that the results of this exercise would be more enlightening.

The Chief of the Naval Staff asked the Secretary whether he would state whether he felt the Polaris system fitted into the general defence philosophy.

Mr. McElroy stated that the Polaris gave them an ITBM facility in a forward launching position with a nuclear submarine with a pretty level platform and would continue to be so for several years to come. There was no question of having surface ship deployment, but they would continue to have the Polaris as a supplement to the line-based strategic retaliatory force.

The Deputy Minister said that he had been asked by Mr. O'Hurley to speak briefly on the results of the production-sharing between the U.S. and Canada. He said that he felt this programme had raised the utmost in top-level government support, for which he thanked the Secretary. He hoped that this would continue as it was a most useful exercise.

Mr. McElroy stated that he knew we were most interested in this question. He reminded the group how much Secretary Quarles had sponsored this programme, and it was his hope that Secretary Gates would continue to take as active an interest in this question as had been taken by Mr. Quarles.

Mr. Pearkes, in winding up the meeting, asked Mr. McElroy whether he felt anything could be done between the two countries regarding unilateral decisions on matters which were of common concern. He stressed the question of decisions taken recently by both countries on air defence matters, the question of the redeployment of the Bomarc squadrons and the cancellation of the CF105 programme.

Mr. McElroy pointed out that, in the main, consultation was to continue through the Chiefs of Staff of both countries with the political heads of departments being informed by their respective chairman. He felt that it was important that the NORAD Commander, who had been, and would continue, to be an American, should be able to indicate when speaking to Canada what the U.S. position was with regard to the plans that he was putting up.

General Foulkes pointed out that a system had been set up which was only just beginning to take effect to stop any future misunderstanding between the two countries, as there had been over the so-called master plan. He felt that once this system was working fully, it would be adequate and he foresaw no difficulties. The Chiefs of Staff all confirmed that their exchange of information between themselves and their U.S. counterparts was working extremely well.

On this point, the meeting was broken up and a press release was prepared, a copy of which is attached.†

178. DEA/50210-F-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], August 20, 1959

STORAGE OF NUCLEAR AIR-TO-AIR DEFENSIVE WEAPONS AT GOOSE BAY AND HARMON AIR FORCE BASE, NEWFOUNDLAND

We assume that, in accordance with the usual practice, the recommendations of the Cabinet Defence Committee on the above subject at its August 4 meeting will be referred to Cabinet for final decision. We have not as yet received from the Privy Council Office a copy of the record of the Cabinet Defence Committee discussion. We understand, however, that it was agreed that we might explore with the United States authorities the possibility that Canada share responsibility with the United States, not only for use of the air-to-air nuclear weapons from Goose and Harmon, but also for the release from storage of the warheads for these weapons.

Mr. McElroy made an interesting comment in this context on arrival in Ottawa on August 11. He was asked by a newspaperman at the airport whether or not he thought there would be any change in United States policy on the custody of nuclear weapons. He replied that this question had domestic political implications for the United States and that it was extremely difficult therefore to forecast with any accuracy whether a change in United States policy in this regard was likely to take place. He went on to say that in his opinion there was a trend towards liberalization of United States policy on the custody of nuclear weapons "with regard to our reliable allies." He added that Canada stood at the top of that list of reliable allies.

Not too much significance can be attached to these off-the-cuff remarks however in view of Mr. McElroy's comments made in the course of his discussions later the same day with Mr. Pearkes. According to the information which we have received from the Department of National Defence, Mr. Pearkes mentioned to Mr. McElroy that there had been some discussion among Canadian Ministers on the need for consultation between the Canadian and United States Governments before removal of the missiles from storage. Mr. McElroy pointed out that one of the difficulties in modern war was the great speed at which an attack could be mounted. In the circumstances he thought it would be quite unrealistic to think of holding discussions when there was evidence that an actual attack had been mounted on North America. He thought it was most important that local Commanders be given the fullest advance instructions for action in the event of an emergency when consultation was not possible.

It was not our intention in recommending that you give consideration to the "double key" formula to suggest the necessity of lengthy consultations between the two Governments prior to the release from storage of the particular defensive nuclear weapons under consideration. The National Defence submission considered by the Cabinet Defence Committee on August 4 recommended that use of the weapons to be stored at Goose and Harmon be governed by the same conditions as the Canadian Government approved for the MB-1 Overflight Agreement of June 30, 1959, i.e. that the weapons will only be used in conditions of grave emergency. We agree that such practical arrangements would be sensible. It is inconceivable that there would be disagreement between the authorities, civilian and military, of the two countries as to the need for use of these weapons if it is obvious that an attack has been mounted on North America.

Our suggestion that consideration be given to raising with the Americans the question of joint responsibility for release from storage of the weapons was designed for another purpose, namely to underline the Canadian Government's firm belief that the use of nuclear weapons of whatever sort is a matter of high policy and could never be thought of as subject to a routine judgement. The Under-Secretary outlined his more general views in this context in a Memorandum to you of July 31. The validity of this belief is not affected in any sense by the willingness of the two Governments to provide advance authorization to the military authorities that they may, in stated conditions of grave emergency, use these weapons. We had not, therefore, envisaged that our suggestion would raise the problem that there would be no time for discussion and consultation if an attack was in progress mentioned by Mr. McElroy. It would be important to clear up any misunderstanding which may exist on this point.

If, in an agreement with the United States Government, some such phrase as, "joint responsebility for the release from storage and for the use of these weapons will be shared by the Canadian and United States Governments ...," were included, it would in effect be no more than a statement of fact. If the Canadian Government shares control of NORAD actions, inevitably it shares responsibility for his use of the weapons put at his disposal. The Prime Minister made this point in his statement of February 20.[197] By inference, the Canadian Government equally shares responsibility for release of these weapons, whether or not they hold the "double key" with the President of the United States.

You may think it desirable to say something along the lines set out above when Cabinet is considering the recommendations of the Cabinet Defence Committee. Mr. McElroy's comments suggest that it may be impossible (and it certainly will not be easy) to get the Americans to agree to our proposals in this respect. We would therefore hope, as we indicated in our memorandum of July 31 on this subject, that we would be authorized to explore the possibility of our "double key" formula with the United States authorities but that we should not necessarily insist upon it in this instance if the United States can make a legitimate case to prove its unworkability. The military need for the provision of defensive air-to-air nuclear weapons has been fully established. In the final analysis, we would not be justified in withholding permission for the storage of these weapons at Goose and Harmon simply because we were not able to reach agreement on the question of release from storage in this particular case where nuclear weapons for defensive use only are involved, and where we are certain that agreement can be reached on joint control of use of the weapons.

M. C[ADIEUX]
for Under-Secretary of State
for External Affairs

179. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], August 26, 1959

Present
The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),

[197] Voir Canada, Chambre des Communes, *Débats*, 1959, volume II, pp. 1279 à 1282.
See Canada, House of Commons, *Debates*, 1959, Volume II, pp. 1221-1224.

The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Hogson).

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CABINET DEFENCE COMMITTEE MEETING; REPORT OF MINISTER OF NATIONAL DEFENCE
(PREVIOUS REFERENCE DECEMBER 9, 1958)

13. *The Minister of National Defence* said that the Cabinet Defence Committee at its meeting of August 4th had considered two main matters. The first dealt with the storage of nuclear weapons at Goose Bay and Harmon Field. There was a U.S. interceptor squadron at each of these fields as part of the defence of the North Eastern approaches. The U.S. were asking for permission to store nuclear weapons for use by the two U.S. squadrons for defence only. They had no strike or attack facilities. This was the first time a request had been made to store nuclear weapons on Canadian soil.

The Committee had recommended that, provided there were reasonable safeguards for the removal of these weapons and that they would only be used in accordance with plans and procedures governing the operations of NORAD Command as approved in advance by the two governments, the request of the U.S. government should be approved. A draft note had been prepared as a basis for negotiating an agreement with the U.S. on the storage. The Committee had recommended that a reference be included in the note to the joint control over the removal of the weapons from storage to ensure that the conditions of removal as well as their use should be a matter of joint decision by Canada and the United States. The provision of storage facilities and the physical security was to be the entire responsibility of the United States.

14. *During the discussion* the following points were raised:

(a) It was generally felt that removal from storage and use of the air defence nuclear weapons should be the joint responsibility of the two governments. The U.S. were asking for sole control of removal. A "double key" protection was essential. It had already been agreed that the weapons could not be used until the two governments had had consultation on the existence of a state of readiness — "maximum air defence readiness." Under certain emergency conditions, however, the CINCNORAD had authority to declare the state of readiness, if it had been established that hostile aircraft had penetrated the air defence system. Any delay in securing agreement on the use of the weapons would mean that aircraft would take to the air with inferior weapons. In order to avoid any such delay adequate communication facilities would have to be provided.

(b) Some wondered how Canada could exercise joint responsibility for removal if it did not also have the joint responsibility for the physical security of the nuclear weapons. It was true, of course, that the weapons were intended for the use only of the U.S. interceptor squadrons. To some the joint control of removal was sufficient to cover also the joint control of storage.

For example, the removal of these weapons from the bases in Canada to U.S. territory for periodical overhauling etc., would be a matter of joint approval by both governments. Furthermore, Canada already exercised control of overflights of U.S. aircraft carrying nuclear weapons over Canadian territory.

(c) The storage building at Harmon was in a U.S. base established by virtue of a U.S.-U.K. agreement before Newfoundland came into the Union. How could joint control be effective on a storage building on a leased field under U.S. jurisdiction?

15. *The Cabinet* agreed that the Secretary of State for External Affairs and the Minister of National Defence prepare, for consideration by Cabinet, a revised draft (for an agreement to be negotiated with the U.S. on the storage of nuclear air defence weapons at Harmon Field and Goose Bay) so as to provide, as suggested during the discussion, some form of joint responsibility for the storage, removal and use of these weapons.

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180. DEA/50210-F-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], September 2, 1959

STORAGE OF DEFENSIVE NUCLEAR WEAPONS AT GOOSE BAY AND HARMON FOR THE USE OF USAF INTERCEPTOR SQUADRONS

You asked us to examine the suggestion, which emerged during Cabinet's consideration of the nuclear weapons storage question, that there might be included in our "negotiating draft" for discussion with the United States a provision under which Canada would share with the United States responsibility for the physical security of the storage sites. If this provision were agreed it would presumably mean in practice the stationing of Canadian guards around the storage facilities at Goose Bay and Harmon Air Force Base.

We had raised this point with the Department of National Defence in July when the whole storage question was being considered by officials. At that time the Chairman, Chiefs of Staff, expressed the hope that Canada would not press for the stationing of Canadian guards at the particular bases under consideration. The relevant excerpt from General Foulkes' letter of July 24 is attached.† The Department of National Defence does agree, however, that any stockpiles of nuclear weapons for use by Canadian forces (e.g. BOMARC) should be guarded by Canadian servicemen and understand that there will be no difficulty in reaching agreement with the United States authorities in this regard.

The National Defence view is supported by the plan which has been developed within NATO for the storage of nuclear weapons for use by NATO forces. This plan provides in part that custody of the weapons will be maintained by United States personnel and defines custody as, "the control of access to the atomic weapons." The plan provides further that the security of the weapons "will normally be the responsibility of the NATO country whose atomic delivery unit is being supported." Security is defined as, "protection against hostile elements of any nature."

As a result of this earlier examination of the question, officials of this Department were prepared to agree with the National Defence view that it might be best not to press the point in the particular cases under consideration, i.e. storage facilities to support United States delivery units at bases under lease to the United States. Canada will propose that responsibility for the use of the weapons would be shared by the Canadian and United States Governments. We have no reason to believe that we cannot reach agreement with the United States on this aspect of the question. Agreement in this regard will ensure Canadian Government control of the use of the weapons which is the issue of most substance. Canada proposes to go further and seek to reach agreement that responsibility for release of the weapons from storage also will be shared by the two Governments. We are by no means certain, as indicated in my memorandum to you of August 20, that we can get United States agreement on this point. If we add the further provision of joint responsibility for physical security of the storage sites at these particular bases we would add to the difficulties of the negotiations.

To the best of our knowledge, neither the United Kingdom nor any of our other NATO allies have sought to share responsibility for release of atomic weapons from storage; nor has the question arisen of sharing responsibility for physical security of the storage sites. The French position, as we know it, still imperfectly, is, of course, more extreme and has led to withdrawal of the United States units affected. The French Government has indicated that only tripartite control at high level of the use of atomic weapons will be satisfactory. The French have not addressed themselves to detailed specific arrangements for the use of the stockpiles or the weapons.

I would recommend, therefore, that we not press the point of joint responsibility for the physical security of the storage sites for the following reasons:

(a) The difficulties involved in negotiating agreement on this point would not be commensurate with the gains to be achieved if agreement could be reached, which is by no means certain; agreement that the use of the weapons will be the joint responsibility of the two Governments is the most substantial assurance of Canadian Government control;

(b) the particular weapons concerned would serve United States delivery units and would be stored in areas leased to the United States by the Canadian Government; they are not therefore open to the Canadian public and no incident can occur of the Canadian public having to deal with United States guards; a different practice will be followed for any other storage facilities in Canada which may be required to serve Canadian military units;

(c) The United States Government has sought the Canadian Government's approval for the storage of these weapons in areas leased to the United States Government and no issue, therefore, has arisen as to the legalities of the situation. Our own Legal Division has examined the legal requirements of the lease agreements at Goose and Harmon and has concluded that while some uncertainty exists, the Americans could, if they wished, make a respectable legal argument that the leases permitted storage of such weapons without further approval; the reaching of an agreement on the storage question will itself be difficult enough and it may not, therefore, seem desirable to you at this stage to open the possibility of dissension as to the rights and responsibilities involved in the existing leases at Goose and Harmon.

(d) Consideration should be given to National Defence's view that the stationing of Canadian servicemen in areas leased to the United States could seriously disturb military relationships with the United States services and raise difficult issues of military jurisdiction; we understand it is the further view of National Defence that use of Canadian servicemen for guard duties in these particular cases would not constitute the best use of limited Canadian service manpower and funds.

This memorandum has been devoted to the one question of physical security for the storage sites. I assume that you will not require further papers on the other main aspects of the storage

question, i.e. joint responsibility for use of the weapons, additional to those which we have given you. I would, however, like to draw your attention again to my memorandum of August 20 dealing with the question of joint responsibility for release from storage. It is the understand-ding of the Department of National Defence that release from storage of the weapons will be governed by the same conditions as the Canadian Government approved in the MB-1 Overflight Agreement of June 30, 1959, i.e. that the two Governments will provide advance authorization to the military authorities that they may, in stated conditions of grave emergency, use these weapons without further approval. As indicated in my memorandum of August 20, which covers this point in more detail, I agree that such practical arrangements seem sensible, since, if it is obvious that an attack has been mounted on North America, the need for use of these weapons is mandatory. I have raised this point again in order to ensure that officials will have a clear understanding of intentions of Ministers in this regard before opening negotiations on the point with the United States. It is my understanding that we may indicate to the United States authorities that Ministers agree that, under the general provision that joint responsibility for release of the weapons from storage would be shared by the two Governments, the Canadian Government is prepared to authorize in advance, as indicated by the Prime Minister in his February 20 statement, the use of such weapons in stated conditions of grave emergency.

N.A. R[OBERTSON]

181. PCO

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to Cabinet to Cabinet

CABINET DOCUMENT NO. 284-59 Ottawa, September 21, 1959

SECRET

STORAGE OF DEFENSIVE WEAPONS AT LEASED BASES

When this matter was last discussed, it was agreed that the draft note to be sent to the United States for negotiating an agreement on the storage of defensive nuclear weapons at leased bases be revised by the Secretary of State for External Affairs and the Minister of National Defence and submitted to the Cabinet.

2. The points to be considered related to the arrangements for the physical security of the storage sites and the question of joint responsibility for the removal from the sites and for the use of the weapons.

3. The Prime Minister (in the absence of Mr. Green) and the Minister of National Defence have now agreed on the wording of the key portions of a revised note, which is attached to this memorandum. Paragraph 3 has been revised to make clear that there will be joint responsibility for physical security arrangements. Paragraph 4 originally contained the words "and custody" after the word "ownership." The Prime Minister wished these two words to be removed. The wording of paragraph 6 is designed to enable the weapons to be taken out of storage from time to time in order to be maintained, inspected, tested and the arrangements for their attachment to aircraft tested. The arrangements for joint responsibility for the removal from storage would not then require government approval for such routine operations on the base itself. The Americans have agreed to joint responsibility regarding the actual use of the weapons, and

under the terms proposed this would extend to their removal from the base for any purpose. The Department of External Affairs has approved the terms of this draft which was sent to the Secretary of State for External Affairs in New York in case he wishes to comment on it.[198]

R.B. BRYCE

[PIÈCE JOINTE/ENCLOSURE]

Projet de note

Draft Note

SECRET

STORAGE OF DEFENSIVE NUCLEAR WEAPONS AT GOOSE BAY
AND HARMON AIR FORCE BASE
NEGOTIATING DRAFT

I have the honour to refer to discussions between representatives of the Canadian and United States Governments concerning the strengthening of the continental air defences by a gradual increase in the numbers of air defence weapons with nuclear capability. These discussions have taken into account recommendations by CINCNORAD as to the immediate military requirement for the storage at certain points in Canada of nuclear air-to-air defensive weapons.

Recognizing the need to strengthen the continental air defences against the threat which exists, and realizing that the full potential of air-to-air defensive weapons is achieved only when they are armed with nuclear warheads, the Canadian Government is prepared to permit the storage of nuclear air-to-air defensive weapons in Canada in accordance with the conditions set out in the attached Annex.

I have the honour to propose that if these conditions are acceptable to your Government, this Note and your Reply shall constitute an Agreement between our two Governments, to take effect on the date of your reply.

[ANNEXE/ANNEX]

SECRET

1. The weapons under consideration are such defensive nuclear air-to-air weapons as may from time to time be made available to the forces under the command of CINCNORAD.

2. These weapons will be stored at Goose Bay and Harmon Airforce Base, Newfoundland. The cost of the establishment, maintenance and operation of the storage facilities shall be the responsibility of the United States Government.

3. Arrangements for the physical security for the storage sites will be the joint responsibility of the Governments of the two countries. Safeguards in the design and handling of these air defence weapons to minimize the possibility of accidental explosion and to afford the maximum protection of lives and property will be the responsibility of the United States Government and will be subject to the approval of the Canadian Government.

4. Ownership of the nuclear warheads shall remain with the United States Government in accordance with United States law.

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[198] Le Cabinet a approuvé le texte du projet de note le 22 septembre 1959.
Cabinet approved the text of the draft note on September 22, 1959.

5. Transportation to or from storage facilities of these weapons and warheads through Canadian airspace will be governed by Canadian Government regulations. Import and export of these weapons will be subject to Canadian Government regulations, and detailed procedures will be negotiated between the appropriate Government Departments.

6. Joint responsibility for the removal from storage sites and for the use of these weapons will be shared by the Canadian and United States Governments. They will be used only in situations of grave emergency and in accordance with plans and procedures governing the operations of the North American Air Defence Command as approved by the two Governments.

7. Any test firing of these weapons which may be required will take place outside of Canada.

8. The terms of this Agreement will be reviewed annually by the two Governments and may be terminated by either Government upon six months' notice.

9. Supplementary arrangements or administrative agreements between authorized agencies of the two Governments may be made from time to time for the purpose of carrying out the intent of this Agreement.

182. DEA/50210-F-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-810 Ottawa, October 2, 1959

SECRET. PRIORITY.

Reference: Your Tel Wiser 74 of Apr 9.
Repeat NATO Paris, CCOS (Information), Permis New York (for the Minister).

STORAGE OF DEFENSIVE NUCLEAR WEAPONS AT GOOSE BAY AND HARMON AIR FORCE BASE

Ministers have given their approval in principle, subject to the conclusion of satisfactory inter-governmental notes, to the storage at Goose Bay and Harmon Air Force Base of nuclear air-to-air defensive weapons for use by United States Air Force squadrons under NORAD control. The text of a negotiating draft which you are authorized to take up with the State Department is set out in my following telegram DL-813.† We have attempted in the draft to set out the conditions governing the storage of nuclear weapons at Goose Bay and Harmon in general terms. We are aware that further detailed arrangements on operational and administrative procedures would have to be agreed between the appropriate authorities of our two governments.

2. The conditions set out in our negotiating draft should not for the most part present great difficulties for the United States. Provision is made that ownership of the war heads should remain with the United States Government in accordance with United States law. The movement of these weapons into and out of Canada will be subject to the requirements of our Atomic Energy Act. The United States authorities are already familiar with the requirements in this respect by reason of their experience with the overflight regulations which have been applied for some years with respect to SAC aircraft carrying nuclear material. The provision is made that test firing of the weapons should take place outside of Canada because there are no facilities for this type of testing in Canada. The United States Government has in the past

in connection with the MB-1 Overflight Agreement offered the assurances concerning safeguards in the design and handling of these weapons which are dealt with in numbered paragraph 3 of the negotiating draft. Presumably the same assurances will be satisfactory to the Canadian Government so long as air-to-air defensive nuclear weapons other than the MB-1 are not introduced.

3. The more substantive features of our negotiating draft are concerned in one way or the other with the sharing of responsibility by the two governments for the control and use of these weapons. The provision that joint responsibility for the use of the weapons shall be shared by the two governments flows from the establishment of the North American Air Defence Command itself. If Canada shares with the United States control of NORAD activities in the air defence of North America, inevitably Canada shares responsibility for the use of the weapons put at NORAD's disposal. This principle was explicitly stated by the Prime Minister in his statement to the House of Commons on February 20, a statement on which the United States authorities had been given an opportunity to comment.

4. We have no reason to believe that the United States is not prepared to share with Canada control of the use of these weapons If, as we understand it, the United States is prepared to accept joint responsibility in this respect, there would not seem to be any obvious reason why there should be United States objection to recognition of the principle that removal of the war heads from the storage sites should as well be a joint responsibility. Once the basic agreement is settled it would seem both desirable and consistent with ministerial expectations here to secure detailed working agreement on the arrangements and conditions for removal and use. These detailed arrangements would presumably be worked out by the military authorities in consultation with interested departments.

5. As we have said above, these conditions stem from the establishment of NORAD itself. They are set forth in our draft in addition to underline the government's view that the use of nuclear weapons of whatever sort is a matter of high policy and must be subject to the maximum degree of governmental control which is consonant with the requirements of national security. As this will be the first occasion on which nuclear weapons will be held in Canada, ministers believe that the United States authorities should be made aware of this strongly held Canadian view.

6. There is one further feature of the draft which may require additional comment. It is the provision in numbered paragraph 3 that arrangements for the physical security for the storage sites will be the joint responsibility of the two governments. We are not certain just what arrangements would be worked out in due course for guarding the storage sites. Such detailed arrangements would have to be initiated between the appropriate military authorities. Ministers hold the strong view that because of the political significance of the establishment of nuclear storage sites on Canadian territory it is essential that some Canadian personnel share these responsibilities in some manner.

7. The conditions which are included in our negotiating draft would not require that the United States reveal to Canadians the secrets of construction of the nuclear weapons which are denied by United States atomic legislation. The conditions which we have suggested do, however, put the Canadian Government in the best position to argue forcibly as it will have to do eventually that Canada shares real responsibility with the United States Government for the control and use of these weapons.

8. We should be grateful if you could open discussions with the State Department as soon as possible on the basis of our negotiating draft, making use of the arguments put forward in this telegram and in related correspondence which is in your hands.

[N.A.] ROBERTSON

183. DEA/50210-F-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2416 Washington, October 6, 1959

SECRET. PRIORITY.

Reference: Your Tels DL-810 and DL-813† Oct 2.
Repeat CCOS Ottawa Priority from Ottawa; NATO Paris (Information); Permis New York (for the Minister)..

STORAGE OF DEFENSIVE NUCLEAR WEAPONS AT GOOSE BAY AND HARMON AIR FORCE BASE

We saw Willoughby (Director of British Commonwealth and Northern European Affairs) this morning and passed to him a copy of the draft note on this subject indicating where relevant, the explanations contained in your telegram DL-810.

2. The only substantive comment was made by Rutter of the Office of the Special Assistant to the Secretary on Atomic Energy. Rutter noted that there was no repeat no specific reference in our note to custody. He added that at first glance our note appeared to involve "joint customdy." This might create a problem because according to USA legislation the USA must retain custody as well as ownership. We said that we quite recognized that the USA has statutory responsibilities but pointed out that at the same time it would be difficult for the Canadian Government to defend the proposed scheme for nuclear weapons storage where there was no repeat no Canadian participation in the physical security arrangements. At this point Ritter suggested it might be possible for the USA to have responsibility for the "internal security" of the stockpile while Canada might be responsible for its "external security," i.e. the security of the site.

3. The points made by Rutter were of course first impressions. Willoughby said that they would let us know in due course the official USA view on our proposal.

4. Willoughby also raised the question of the storage of nuclear weapons for SAC at Goose Bay and for the USN at Argentia. You will recall that these two matters were raised at the same time the USA raised the question of storage of nuclear air-to-air defensive weapons at Goose Bay last April. We replied that we had no repeat no further information on these two questions. We did, however, emphasize that the arrangement now under discussion for the storage of tactical nuclear weapons for USAF would be the first of its kind in Canada, and that it raised a number of questions of major significance for the Canadian Government.

[A.D.P.] HEENEY

184. PCO/C-20-9(9)-D

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

CDC DOCUMENT NO. D-19-59 [Ottawa], October 21, 1959

TOP SECRET

THE DEPLOYMENT OF NUCLEAR WEAPONS TO THE EXISTING STORAGE FACILITIES AT UNITED STATES LEASED PORTION, GOOSE BAY AIR BASE

1. During the early stages of the Korean War, the United States authorities proposed that authority be given to the construction of storage facilities for nuclear weapons in the United States leased portion of Goose Bay. In October 1950 the Canadian Government authorized the construction of these facilities on the understanding that further authority would be required prior to the actual physical storage of nuclear weapons at Goose Bay.[199] The structure was completed but its use has been limited to the temporary storage of nuclear weapons and components in transit on authorized flights, when the aircraft carrying these weapons or components have become temporarily unserviceable on landing at Goose Bay. No permanent storage has taken place at this facility in Goose Bay.

2. On 13 January 1958, the Cabinet approved the holding of discussions between Canadian and United States military authorities concerning the deployment of nuclear weapons to the existing storage facilities at Goose Bay. On 5 February 1958, the Chiefs of Staff met with the Commander-in-Chief, Strategic Air Command, to explore fully the implications of this proposal.

3. Strategic Air Command plans are based on the premise that the enemy holds the initiative. Therefore, the capability must exist, after absorbing the first attack, to retaliate in such strength that it would be unprofitable for the enemy to initiate nuclear war. To this end, its forces are widely dispersed in the United States with forward bases in the United Kingdom, Spain, North Africa, Alaska and the Pacific. Nuclear weapons are dispersed at these overseas bases so that aircraft may be rearmed for a second attack without making the long flight to their home bases. Because of its favourable strategic location, Goose Bay would be a valuable alternate forward base for Strategic Air Command.

4. It is not intended to change the status of the United States leased portion of Goose Bay to become a permanent bomber base, or to launch initial strikes from this base. It will continue to be used, as in the past, for tanker squadron operations and for occasional exercises. The storage of nuclear weapons at Goose Bay may require a small additional increment to the permanent USAF establishment there to provide for care and maintenance of the weapons. Strategic Air Command does not intend to request similar facilities at any other base in Canada. No increase to the air defences of the area is anticipated.

5. In May 1957 the Canadian Government accepted a recommendation of the NATO Council regarding the strategic objectives of the North American area of NATO, which includes provision for "an effective base for and effective protection of the strategical nuclear counter-offensive capability." The Chiefs of Staff consider that the storage of nuclear weapons at Goose Bay is in accordance with the intention of the strategical objectives mentioned above.

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[199] Voir le volume 16, les documents 826 à 840./See Volume 16, Documents 826-840.

The storage of nuclear weapons at Goose Bay would add to the flexibility, capability and effectiveness of the deterrent force. It has been ascertained that the storage of nuclear weapons at Goose Bay does not create any additional risk.

6. No change in existing legislation is required to permit the import, export and storage of nuclear weapons and components in Canada.

Recommendation

7. The Chiefs of Staff recommend, and I concur, that the Canadian Government approve in principle the request by the United States for the deployment of nuclear weapons to the existing storage facilities at Goose Bay. If and when approval in principle is given, the details of this agreement will be negotiated by means of an exchange of notes between Canada and the United States, including the provisions for adequate safety and controls as shown in the attached Annex "A".

[GEORGE PEARKES]

[ANNEXE A/ANNEX A]

TOP SECRET

1. The weapons under consideration are Strategic Air Force weapons as may from time to time be made available to the US Strategic Air Force under the command of C-in-C Strategic Air Force, United States Air Force.

2. These weapons will be stored at Goose Bay, Labrador. The cost of the establishment, maintenance and operation of the storage facilities shall be the responsibility of the United States Government.

3. The arrangements for physical security of the storage sites will be the joint responsibility of the two Governments. Safeguards in the design and handling of these weapons to minimize the possibility of accidental explosion and to afford the maximum protection of lives and property will be the responsibility of the United States Government and will be subject to approval by the Canadian Government.

4. Ownership and custody of the nuclear warheads shall remain with the United States Government in accordance with United States law.

5. Transportation to or from storage facilities of these weapons and warheads through Canadian airspace will be governed by Canadian Government regulations. Import and export of these weapons will be subject to Canadian Government regulations, and detailed procedures will be negotiated between the appropriate Government Departments.

6. It is understood that weapons stored at Goose Bay will not be used for an initial strike.

7. The removal from storage for operational use requires the authorization[200] of the Canadian Government.

8. Any test firing of these weapons which may be required will take place outside of Canada.

9. The terms of this Agreement will be reviewed annually by the two Governments and may be terminated by either Government upon six months' notice.

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[200] Dans une correction en marge, le ministre a remplacé les mots « will be subject to the concurrence » par « requires the authorization ».
In a marginal correction, the Minister had replaced "will be subject to the concurrence" with "requires the authorization."

10. Supplementary arrangements or administrative agreements between authorized agencies of the two Governments may be made from time to time for the purpose of carrying out the intent of this agreement.

185. PCO/C-20-9(a)-D

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

CDC DOCUMENT NO. D-21-59 [Ottawa], October 21, 1959

TOP SECRET

STORAGE OF NAVAL NUCLEAR ANTI-SUBMARINE WEAPONS AT ARGENTIA

1. In Telegram No. 74 dated 9 April 1959, from the Canadian Ambassador, Washington, to the Department of External Affairs, setting out the text of a United States Aide Mémoire governing U.S.A. requirements generally in this field, it was stated that:

"It has also been determined that there is an urgent operational requirement for the storage of naval nuclear anti-submarine weapons at the USA naval base in Argentia, Newfoundland, and the USA Government trusts that this requirement will be able to be fulfilled in the very near future."

2. The Chief of Naval Operations, United States, has stated that in the event of Canadian concurrence in the storage of United States nuclear weapons on leased bases in Canada the following Naval requirements would exist:

(a) Storage and handling at one site, United States Naval Station, Argentia, Newfoundland.

(b) Operational anti-submarine warfare flights involving nuclear weapons departing from and returning to the United States Naval Station, Argentia.

(c) No alternate or emergency facilities in further support of operations from the United States Naval Station, Argentia, were contemplated.

3. Further supplementary information has been received from the Chief of Naval Operations, United States:

(a) The storage site will be built within the present boundaries of the leased base.

(b) The storage site will be within a fenced area and will consist of a storage building and an operations building. The nearest inhabited building will be more than three thousand feet away from the storage building.

(c) The warheads will be stored for immediate use and once they are moved into storage they will remain there unless they are required to be returned to the United States for modification or overhaul.

(d) These weapons will only be removed from storage and used under the authorized plans of the Supreme Allied Commander Atlantic.

4. It is anticipated that authority will be sought at a later date for stockpiling of similar weapons at Summerside, Greenwood and Halifax for the use of the Canadian forces. It is considered likely that if approval is given, the storage at Argentia will be completed before the storage at Summerside, Greenwood and Halifax is available for the Canadian forces. It is therefore suggested that, in any agreement to the proposal for the stockpiling of nuclear anti-

submarine weapons for the United States forces, agreement should be sought for making these facilities available to the Canadian forces should an emergency occur before the proposed Canadian storage at Summerside, Greenwood and Halifax is available.

5. The Chiefs of Staff recommend, and I concur, that approval in principle be given for the stockpiling of anti-submarine nuclear weapons at the United States leased base in Argentia. If and when approval is given, the details of this agreement will be negotiated by means of an exchange of notes between Canada and the United States, including the provisions for safety and control contained in the Annex attached.

[GEORGE PEARKES]

[ANNEXE/ANNEX]

TOP SECRET

1. The weapons under consideration are nuclear anti-submarine weapons consisting of nuclear depth charges and warheads for nuclear torpedoes, as required by the Commander-in-Chief, US Naval Forces Atlantic.

2. The weapons will be stored at the US leased naval station, Argentia, Newfoundland. The cost of the establishment, maintenance and operation of the storage facilities shall be the responsibility of the US Government.

3. Arrangements for physical security of the storage site will be the responsibility of the US Government. Safeguards in design and handling of these anti-submarine defence weapons to minimize the possibilities of accidental explosion and to afford maximum protection to Canadian lives and property will be the responsibility of the US Government and will be subject to the approval of the Canadian Government.

4. Ownership and custody of the nuclear weapons will remain with the US Government in accordance with the United States law.

5. Transportation to and from the storage facilities for these weapons and warheads through Canadian airspace or territorial waters will be governed by Canadian Government regulations. The import and export of the weapons will be subject to the Canadian Government regulations and detailed procedures will be negotiated between the appropriate government departments.

6. Any test firing of these weapons which may be required will take place outside of Canada.

7. The removal from storage for operational use will be subject to the authorization of the Canadian Government.

8. The terms of this agreement will be agreed annually by the two governments and may be terminated by either government at any time upon six months' notice.

9. Supplementary arrangements or administrative agreements between the authorized agencies of the two governments may be made from time to time for the purpose of carrying out the terms of this agreement.

186. PCO/C-20-9(a)-D

Note du ministère des Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum by Department of External Affairs to Cabinet Defence Committee

CDC DOCUMENT NO. D-20-59 Ottawa, October 29, 1959

SECRET

STORAGE OF NUCLEAR WEAPONS IN CANADA

We believe we can expect that the United States Cabinet members will, at the November 9 meeting, seek the Canadian Government's views on the various outstanding requests which have been made by the United States for permission to store nuclear weapons in Canada.

The original United States approach on the storage of nuclear weapons in Canada was made in December, 1957. The subject was raised informally on a number of occasions thereafter; the most recent formal approach was made by the State Department on April 9, 1959. The United States proposals were first considered by Cabinet on January 10, 1958, and again on April 28, 1958 and October 15, 1958.

The United States requests were made for:

(a) permission for the storage at Goose Bay and Harmon Air Force Base of nuclear air-to-air defensive weapons for United States use;

(b) permission for the storage of nuclear anti-submarine weapons at the United States Naval Base in Argentia, Newfoundland, for use by United States naval forces operating under the control of the Supreme Allied Commander Atlantic;

(c) permission for the use of existing storage facilities at Goose Bay for the storage of nuclear weapons for the United States Strategic Air command (SAC).

Last month Ministers gave their approval in principle, subject to the conclusion of satisfactory inter-governmental notes, for the storage at Goose Bay and Harmon Air Force Base of nuclear air-to-air defensive weapons for use by United States Air Force squadrons under NORAD control. A draft note to cover this storage was given to the United States authorities early this month. We have not had any substantive United States comments on that draft as yet.

In January 1958 the Cabinet authorized exploratory discussions in service channels of the United States proposals. The military recommendations with respect to these projects are outlined at some length in two memoranda which have been submitted by the Minister of National Defence.

In our recent draft concerning MB-1 rocket storage at Goose and Harmon we have proposed a formula providing for the joint responsibility of the two Governments for the use of the weapons. This formula is well-fitted to the operations of a Command like NORAD which is directly responsible to the two Governments. In the case of Argentia, however, a full-fledged NATO Command is involved and it would be difficult to provide for Canadian Government control under a similar formula. The weapons would be for defensive use as in the case of the MB-1's at Goose and Harmon. NORAD operations over Canada are controlled under rules of engagement approved by the appropriate Canadian authorities We are not certain if there are analogous rules of engagement applying to SACLANT operations on the open sea. It should be possible, however, to reach agreement with the United States on a suitable formula.

The question of storage at Goose Bay for SAC use raises different issues because weapons for strategic use are involved. The Canadian Government is on the record as supporting the strategy of the nuclear deterrent. The military argument for use of storage facilities at Goose Bay is based on the premise that the use of such facilities would strengthen the deterrent. There is no intention that Goose Bay should be a permanent SAC base, or that initial SAC strikes should be launched from there. The military authorities have been concerned, however, for some time at the need to disperse SAC facilities. This argument has become more persuasive as the Soviet capability to launch a missile attack on North America grows. It is expected that the early warning systems would provide sufficient warning to permit some elements of SAC strength to get off the ground. If the main SAC bases, however, are destroyed in an initial attack — and they would certainly be priority targets from the enemy point of view — it will be essential that SAC forces be able to pick up weapons at other bases after their first reprisal attack on the enemy. The military recommendation is, therefore, that Goose Bay should be used as an alternate forward base to service SAC elements on any follow-up attack which might be possible.

In any further negotiation of an agreement with the United States authorities on SAC storage which might be authorized we would presumably make it a condition of eventual Canadian Government approval that the concurrence of the Canadian Government would be required before any use were made of strategic weapons which might be stored at Goose. In any event, the Canadian Government would be able to exercise control under the overflight procedures in effect between the two Governments. These provide, in part, that the approval of the Canadian Government is required before there is any overflight of Canadian territory by SAC bombers engaged on a strike.

The adverse political effects in international terms of Canadian Government approval of the storage of weapons at Goose might be lessened by careful explanation, at an appropriate time, of the exact purposes of the storage. We believe that failure to grant approval for the storage would have serious repercussions on Canada-United States relationships, and would lessen our ability to influence United States policy on important issues, such as the use of the deterrent, the approach to disarmament and negotiations with the Soviet Union. The United States would, we think, find it difficult to understand a negative decision in the light of the fact that the Canadian Government has always supported the deterrent strength of the Western Alliance, which relies, overwhelmingly, on the United States Strategic Air Command. In any event, we believe that any further extended delay in giving the United States Government some firm indication of Canada's attitude on this question would be a source of misunderstanding with the United States. After trying to weigh the balance of arguments for and against the approval of this request, we believe the Government should give its approval to the storage of SAC weapons at Goose Bay, under appropriate conditions.

The meeting of the Ministerial Committee would provide an appropriate occasion to give the Canadian reply to the United States requests for permission to store defensive anti-submarine weapons at Argentia and weapons for SAC use at Goose Bay. The opportunity could be taken to reiterate the Canadian Government's hope and expectation that progress will be made in negotiations with the Soviet Union, which would make the use of strategic weapons from any base less likely. If the Government were prepared to approve these storage requests, Ministers could as well discuss with their United States colleagues, in general terms at least, the nature and timing of the public announcement which would be required.

187. PCO/C-20-9(a)-M

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], November 5, 1959

Present

The Prime Minister, (Mr. Diefenbaker), in the Chair,
The Minister of National Defence, (Mr. Pearkes),
The Secretary of State for External Affairs, (Mr. Green),
The Minister of Finance, (Mr. Fleming),
The Minister of Defence Production, (Mr. O'Hurley),
The Associate Minister of National Defence, (Mr. Sévigny).

The Secretary (Mr. Martin),
The Military Secretary (W/C Scovill).

The Chairman, Chiefs of Staff, (General Foulkes),
The Chief of the General Staff, (Major General Clark), (For Item I only)
The Chairman, Defence Research Board, (Dr. Zimmerman). (For Item I only)

The Secretary to the Cabinet, (Mr. Bryce),
The Under-Secretary of State for External Affairs, (Mr. Robertson),
The Deputy Minister of Defence Production, (Mr. Golden),
The Assistant Deputy Minister of Finance, (Mr. Plumptre),
The Assistant Secretary of the Treasury Board, (Mr. MacNeill),
The Assistant Under-Secretary of State for External Affairs, (Mr. Ritchie).

. . .

II. DEPLOYMENT OF NUCLEAR WEAPONS TO THE EXISTING STORAGE FACILITIES AT U.S. LEASED PORTION, GOOSE BAY AIR BASE (PREVIOUS REFERENCE OCTOBER 24)

7. *The Minister of National Defence* recalled that during the Korean War the U.S. had requested authority to construct storage facilities for nuclear weapons in the U.S. leased portion of Goose Bay. The then Canadian government had authorized this construction on the understanding that further authority would be required prior to the actual physical storage of such weapons at Goose Bay. The structure had been completed but its use had been limited to the temporary storage of nuclear weapons and components in transit on authorized flights when the aircraft or the weapons had become temporarily unserviceable. No permanent storage had been undertaken.

In December of 1957, and on a number of occasions thereafter, the U.S. had approached the government on this question and the Cabinet had authorized the holding of discussions between the military authorities of the two countries concerning storage at the existing facilities at Goose Bay. Essentially, the U.S. proposal would involve the use of Goose Bay as an alternate forward base for the Strategic Air Command. It was not intended that the status of the leased portion be changed to become a permanent bomber base or to launch initial strikes from this base. It would continue to be used, as in the past, for tanker squadron operations and for occasional exercises. If a war broke out, some SAC aircraft, instead of returning to home base, would be re-armed for a second attack from Goose Bay. Permanent storage of weapons might require a small additional increment to the permanent U.S.A.F. establishment. No increase to the air defences of the area was anticipated, nor did SAC intend to ask for similar facilities in any other base in Canada.

In May 1957 the government had accepted a recommendation of the NATO Council regarding the strategic objectives of the North American area of NATO which included provisions for an effective base for, and effective protection of the strategical nuclear counter-offensive capability. The Chiefs of Staff considered that the storage of nuclear weapons at Goose Bay was in accordance with the intention of these objectives. Storage would add to the flexibility, capability and effectiveness of the deterrent force. It would not create any additional risk at Goose Bay.

8. *The Minister of National Defence* added that the Department of External Affairs had considered this proposal carefully, together with the other U.S. request for permission to store nuclear air-to-air defensive weapons for U.S. use in Canada and permission to store anti-submarine weapons at Argentia. The department felt that failure to grant approval would have serious repercussions on Canada-U.S. relations and would lessen Canada's ability to influence U.S. policy on important issues, such as the use of the deterrent, the approach to disarmament and negotiations with the Soviet Union. The department was of the opinion that the government should give its approval to the storage of SAC weapons at Goose Bay under appropriate conditions.

The Minister recommended, on the advice of the Chiefs of Staff, that the request of the U.S. be approved in principle and that, if this approval were given, an agreement be negotiated by means of an exchange of notes which would contain provisions for safety control and other terms which the Minister outlined briefly, including a term to the effect that removal from storage for operational use would be subject to the concurrence of the Canadian government.

Explanatory memoranda had been circulated. (Memorandum, Minister of National Defence, Oct. 21, 1959 — Document D19-59; Memorandum, Dept. of External Affairs, Oct. 29, 1959 — Document D20-59).

9. *During the discussion* the following points emerged:

(a) More than the concurrence of the Canadian government for removal from storage should be required. This particular provision should be reworded to indicate that no weapons would be removed without the authority of the government.

(b) These weapons would not be used for the initial SAC strikes, so there was no question of their being used before actual hostilities began. The weapons should only be released after the consent of the Canadian government given on the highest level. In the United Kingdom, authority to use similar weapons had to be given by the Prime Minister.

(c) The reason for the request was that SAC was finding it increasingly difficult to remain in such overseas bases as Morocco and Okinawa. They foresaw that they would soon have to leave them and frankly they were trying to improve their strength and ability by using Goose Bay.

(d) In many ways storage at Goose Bay was not as significant as the provision of tanker refueling facilities which had been already agreed to and which were designed for use in connection with initial strikes, not second strikes.

(e) Although the previous government had authorized the U.S. to construct storage facilities, they had never approved the storing of nuclear weapons. However, the government had never, in fact, been approached by the U.S. in this connection., The request had to be looked at in the light of domestic reactions in Canada. What, for example, would the feeling be about moving offensive nuclear weapons into a Canadian base at a time of diminishing tension? Another consideration that had to be borne in mind was that certain quarters in the U.S. were determined to be tough and inflexible in their attitude to the Soviet Union, whereas it was the Canadian position to try and find accommodations with the Russians.

(f) Undoubtedly, something would have to be said publicly when the weapons were stored in Canada, if approval to the U.S. request were given.

(g) The reasons for the view that Canada-U.S. relations would be harmed if approval were not given were, briefly, as follows: All NATO countries, including Canada, had subscribed to the basic defence concept that an attack on one country was an attack against all, and that in defending themselves, every weapon in NATO's armoury would be used. This official doctrine of the alliance relied ultimately on readiness to use nuclear weapons and it had been agreed that these weapons and their delivery systems was a special responsibility of the U.S. This was the theory of the deterrent. It was felt that the Soviets could not be effectively deterred except by keeping in front of them the threat of the use of nuclear weapons. The question that arose was whether, having subscribed to this doctrine, Canada was now to say that it was not prepared to help maintain SAC in its most effective posture. This was basic to the whole NATO concept of defence. It was true that Norway, France and one or two other countries had refused, albeit for different reasons, to allow the placing of nuclear weapons on their soil. However, the maintenance of SAC in an effective posture was central to the whole defence position of the West and particularly to that of the U.S. Because of Canada's geographical propinquity to the U.S., it was more of a special problem to Canada than to the other countries within the Alliance. For Canada, probably the most important question was whether relations could be maintained in such a way that Canada could influence the U.S. to move towards policies which we thought were the best ones to ensure peace.

(h) Although the U.K. had its own strategic air force and weapons, the U.S. nevertheless stored weapons in that country, but the U.K. had made it quite clear that these weapons would not be used without special authority. The U.K. had been concerned at first when this question had been raised, but when weapons had ultimately been stored there, public reaction had not been as adverse to the move as the authorities expected.

(i) Having accepted the doctrine of the deterrent, instead of rejecting the U.S. request it would be advisable first to discuss seriously the U.S. proposal and explore their reasons behind it.

(j) It was possible that in three or four years, as ICBM's came more and more into operational use, there would be no requirement for storage of offensive weapons in Canada.

10. *The Committee* referred to the Cabinet the proposal of the U.S. for storage of offensive nuclear weapons at Goose Bay, Newfoundland.

III. STORAGE OF NUCLEAR ANTI-SUBMARINE WEAPONS AT ARGENTIA (PREVIOUS REFERENCE OCTOBER 24)

11. *The Minister of National Defence* referred to the U.S. request for storage of NATO nuclear anti-submarine weapons at the U.S. leased naval base in Argentia, Newfoundland. In the event that the government approved this request, the U.S. naval authorities had indicated that only the one site would be required, that operational anti-submarine warfare flights would be undertaken from Argentia and that no alternate or emergency facilities in support of these operations were contemplated. Storage would be built within the present boundaries of the leased base and would be several thousand feet away from the nearest inhabited building. Warheads would be stored for immediate use, and once moved into storage would remain there unless required to be returned to the U.S. for modification or overhaul. The weapons would only be used under authorized plans of the Supreme Allied Commander Atlantic.

12. *Mr. Pearkes* said that authority might be sought later on for stockpiling of similar weapons at Summerside, Greenwood and Halifax for the use of Canadian forces. However, if the present proposal were approved, facilities at Argentia would be completed before storage at the other points mentioned, and he suggested, therefore, that arrangements might be made to

use the Argentia facilities for Canadian purposes should an emergency occur before the proposed storage at Summerside, Greenwood and Halifax was available.

The Minister recommended, on the advice of the Chiefs of Staff, that the U.S. proposal be approved and that an appropriate agreement be negotiated with the U.S. authorities through an exchange of notes which would include provisions for safety, control and removal from storage which he outlined to the Committee.

An explanatory memorandum had been circulated. (Minister's memorandum, Oct. 21, 1959 — Doc. D21-59).

13. *During the discussion* it was pointed out that the weapons involved were purely defensive in nature. There was, however, a difference between these weapons and the MB1 air-to-air rockets. Anti-submarine weapons would be used on the high seas and there was a problem of identification.

14. *The Committee* referred to the Cabinet the proposal of the U.S. for stockpiling of anti-submarine nuclear weapons at the U.S. leased based in Argentia, Newfoundland.[201]

. . .

SUBDIVISION II/SUB-SECTION II

ACQUISITION PAR LES FORCES CANADIENNES
ACQUISITION BY CANADIAN FORCES

188. DEA/50210-F-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], February 9, 1959

PUBLIC STATEMENT REGARDING THE ACQUISITION AND CONTROL OF DEFENCE WEAPONS

You will recall that when I reported to Cabinet on December 22, 1958, on the Paris Meeting of the Canada-United States Ministerial Committee on Joint Defence,[202] I mentioned that a draft statement for possible use in the House of Commons on the acquisition and control of nuclear weapons had received some preliminary consideration.[203] Since then revisions have been made as a result of further discussions with the United States authorities and I now attach a draft statement† which is acceptable to both sides.

I think it is desirable that a statement on this subject be made in the House of Commons at an early date in order that an indication may be given of certain basic considerations which

[201] Voir le document 228 pour le débat du Cabinet sur le stockage d'armes nucléaires sur les bases louées par les États-Unis à Goose Bay et Argentia avant la réunion du Comité ministériel canado-américain de défense commune.
See Document 228 for Cabinet's discussion of the storage of nuclear weapons on U.S. leased bases at Goose Bay and Argentia prior to the meeting of the Canada-United States Ministerial Committee on Joint Defence.

[202] Voir/See Volume 25, Document 137.

[203] Voir/See Volume 25, Document 135.

have affected the Government's thinking on the acquisition and control of nuclear weapons. On the other hand, it will be some time before there is a need to acquire the nuclear warheads for use by Canadian forces and there will therefore be a corresponding delay before an inter-governmental agreement will have to be written to cover the actual equipping of the weapons for operational use. I think it would be well to make this fact quite clear to the House in order to forestall pressure on the Government to produce in the House in the near future the terms of an inter-governmental understanding. You will recall difficulties of this kind which arose with respect to the Norad Agreement.

As any statement made in the House on this subject will, of course, give rise to questions in Washington, the State Department has asked to be given an indication as soon as possible of the date and if possible the hour of the proposed Canadian statement.

I am sending a copy of this memorandum to the Minister of National Defence who has of course already approved the text of the proposed statement.[204]

[SIDNEY SMITH]

189. D-1-5(F)

Note de l'état-major interarmes des États-Unis pour le président du Comité des chefs d'état-major du Canada

Memorandum from Joint Chiefs of Staff of United States to Chairman, Canadian Chiefs of Staff

TOP SECRET Washington, May 1, 1959

This document has not been declassified./Ce document n'a pas été déclassifié.

190. DEA/50210-F-40

Le président du Comité des chefs d'état-major au sous-secrétaire d'État aux Affaires extérieures

Chairman, Chiefs of Staff Committee, to Under-Secretary of State for External Affairs

TOP SECRET Ottawa, October 14, 1959

MEETING OF CONSULTATION

1. With reference to the last sentence in paragraph 2 of my letter to you of 1 October 1959,† I am enclosing herewith a draft of the proposed general agreement with the U.S. on the acquisition and storage of nuclear weapons for Canadian forces. This draft has been negotiated at the military level with the Pentagon and written in the language which is acceptable to the Pentagon and which we feel will meet our military requirements.

2. It is suggested that this draft agreement should now be looked at by officials for discussion at our meeting next week to determine whether there are any points of significance which our Ministers may wish to discuss with their counterparts at the Meeting of Consultation.

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[204] Le premier ministre Diefenbaker a fait cette déclaration le 20 février 1959. Voir Canada, Chambre des Communes, *Débats*, 1959, volume II, pp. 1279 à 1282.
Prime Minister Diefenbaker issued this statement on February 20, 1959. See Canada, House of Commons, *Debates*, 1959, Volume II, pp. 1221-1224.

3. With regard to the text of sub-paragraph 3 of paragraph 2 of the attached draft which states that the custody of any stocks of atomic weapons provided by the U.S. will be the responsebility of the U.S. and that U.S. personnel will be provided for this purpose, the Pentagon wished this wording to be maintained in the draft as they felt that any aspect of joint responsebility for such sites was a political rather than a military matter and therefore they would prefer that any negotiations for an agreed text covering this point should be done between the State Department and the Department of External Affairs.

4. In this connection, it is suggested that the wording in paragraph 3 of the Annex to the proposed Note covering the storage of defensive nuclear weapons at Goose Bay and Harmon Air Force Base[205] might be used with a slight modification by inserting the words "in Canada" after the words sites in the first sentence. It is felt that this could satisfy our point regarding joint responsibility in Canada and should also be acceptable to the U.S. as they would then still maintain sole responsibility for sites outside of Canada, e.g., in Germany for our Brigade in Europe.

CHARLES FOULKES

[PIÈCE JOINTE/ENCLOSURE]

Projet de note

Draft Note

SECRET [Ottawa], October 14, 1959

ACQUISITION OF NUCLEAR WARHEADS AND/OR
WEAPONS FOR CANADIAN FORCES

Sir,

I have the honor to refer to Articles 20 and 21 of the communiqué issued by the North Atlantic Council on 19 December 1957,[206] and to conversations which have taken place between the appropriate allied commanders and the Government of Canada and the appropriate allied commanders and the Government of the United States regarding the stockpiling of atomic weapons for Canadian forces.

It is the understanding of my Government that in the course of these conversations agreement in principle was reached to the establishment of elements of a stockpile of atomic weapons to be provided by the United States in support of Canadian forces in Canada and Europe. In order to implement this agreement in principle my Government suggests the following arrangements:

(1) The location of the stocks will be determined by the appropriate allied commander in agreement with Canadian and United States military authorities or by the latter authorities where there is no appropriate allied commander.

(2) Except as otherwise agreed, the costs of construction, development and maintenance of the storage sites and associated facilities, including those required for the support of the US special weapons custodial and support personnel, shall be borne by Canada. Arrangements for

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[205] Voir/See Document 181.

[206] Voir le Conseil de l'Atlantique Nord, *Textes des communiqués finals, 1949-1974* (Bruxelles : Service de l'information OTAN, s.d.), pp. 113 à 122.
See North Atlantic Council, *Texts of Final Communiqués, 1949-1974* (Brussels: NATO Information Service, n.d.), pp. 108-120.

providing the land involved, without cost to the United States will be the responsibility of the Canadian Government. To the extent that the North Atlantic Council agrees to the NATO infrastructure funding of NATO atomic stockpile construction costs, for those installations constructed as part of the NATO infrastructure program, apportionment of costs will be subject to NATO infrastructure procedures. Installations and facilities for atomic weapons storage and maintenance will be built and maintained at least in accordance with NATO standards and criteria. Installations and facilities for normal logistic support (housing, messing, offices, etc) will be built.

(3) It is recognized that the custody of any stocks of atomic weapons provided by the United States will be the responsibility of the United States and that United States personnel will be provided for this purpose. The status of such personnel in Canada will be governed by the provisions of the NATO Status of Forces Agreement and any supplementary arrangements which may be agreed upon.

(4) When the weapons are released by appropriate authority they will be employed in accordance with procedures established by SACEUR in Europe, by SACLANT in the North Atlantic Ocean Area and in accordance with procedures governing NORAD's operations as approved in advance by both governments.

(5) United States forces will be responsible for the maintenance, modification and assembly of the atomic weapons, including the provision of personnel and technical equipment for the performance of these functions.

(6) External security for all atomic weapons in storage or during movement is the responsibility of Canada within Canada, and elsewhere as may be agreed. The details of external security arrangements will be determined by the appropriate United States and Canadian military authorities and in accordance with the directives of the allied commander, where appropriate.

(7) United States forces will be responsible for the movement, in accordance with agreed procedures, of the atomic weapons into Canada and from Canada. Canadian forces will be responsible for the transportation of weapons within Canada, subject always to the provisions of Article (3) above. United States forces will be responsible for the movement of the atomic weapons into the ACE area and from the ACE area. Responsibilities for movement within the ACE area will be as agreed between the appropriate United States and Canadian military representatives.

(8) A reliable means of signal communications will be provided, where necessary, by the Government of Canada to meet the purposes of this agreement.

(9) Canada will, in general, provide at no expense to the United States Government reasonable administrative and logistical support for United States forces and dependents in support of Canadian units. This support will include common items of supply, organic transporttation, and such other support as may be mutually agreed.

(10) Safety procedures for maintenance, transport, loading, delivery and salvage will be at least equivalent to United States standards and will be the subject of arrangements between the appropriate military representatives of the United States and Canada, taking into consideration classified (atomic) information which can be transferred under existing agreements between the two governments.

(11) Supplementary service-to-service arrangements, within the scope of this agreement pertaining to custody and control, the various delivery systems and associated installations, will be negotiated separately, as may be appropriate, between the designated military representatives of the United States and Canada.

I propose that if the foregoing is acceptable to your Government, this note and your reply indicating such acceptance will constitute an agreement between the two Governments on this subject, the agreement to enter into force on the date of your note in reply.

191. DEA/50210-F-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

TOP SECRET [Ottawa], December 7, 1959

ACQUISITION OF DEFENSIVE NUCLEAR WARHEADS FOR CANADIAN FORCES

On October 15, 1958, Cabinet agreed that senior officers might initiate negotiations with the United States for the acquisition and storage of defensive nuclear weapons and warheads in Canada on the understanding:

(a) that a minimum of other persons be informed of them;

(b) that as much freedom as possible be obtained for Canadian use of these weapons; and

(c) that every effort be made to ensure that the Canadian Government or its designated representatives would also have to authorize the use of these weapons in or over Canada by U.S. as well as by Canadian Forces.

Subsequently, on February 20, 1959, the Prime Minister spoke in the House of Commons as follows:

"... The Government is, therefore, examining with the United States Government questions connected with the acquisition of nuclear warheads for BOMARC and other defensive weapons for use by the Canadian forces in Canada, and the storage of warheads in Canada. Problems connected with the arming of the Canadian brigade in Europe with short-range nuclear weapons for NATO's defence tasks are also being studied ... . It will, of course, be some time before these weapons will be available for use by Canadian Forces. The Government, as soon as it is in a position to do so, will inform the House, within the limits of security, of the general terms of understanding which are reached between the two Governments on this subject."

The initial discussions with the United States were carried out entirely through military channels. In these negotiations it was envisaged that there would be a general agreement setting out the terms which would have general applicability and that it would be supplemented by specific agreements related to the different types of weapons to be provided in various circumstances and setting out the procedures under which the weapons would be released and employed in different operational theaters. In October, 1959, the Chairman, Chiefs of Staff, circulated to other departments a first draft of such a "general agreement" reflecting the results of his consultations with the U.S. military authorities. A small working group, consisting of representatives of External Affairs, Finance, Defence and the Cabinet Secretariat, was set up to review the draft and made extensive revisions to it. The revised version was referred last week to the Panel on the Economic Aspects of Defence Questions. The Panel considers that this version, a copy of which is attached, is suitable for use as the working document in the next stage of negotiations, which will be to move the discussions from the military to the diplomatic channel.

As mentioned above, the attached draft note does not represent a specific agreement for the acquisition, control and use of particular types of weapons and does not in any way commit the Canadian Government to acceptance of such weapons but only to broad principles under which weapons would be accepted should the Government decide to obtain them. In expressing the broad principles under which Canada is willing to accept defensive nuclear warheads including warheads for the strike role of the R.C.A.F. in Europe, for the use of Canadian forces, it opens the way to further individual negotiations on the necessary detailed agreements for the specific storage, use and operation of particular types of weapons. Such agreements would be negotiated between appropriate Canadian and U.S. authorities, Allied Commanders and, where necessary, with other Allied Governments.

The attached draft note reflects the principles expressed by the Prime Minister in his announcement, on February 20, 1959, of Government policy on the acquisition of defensive nuclear weapons for Canadian forces.

The annex to the draft note is divided into three operative parts. Those aspects which are applicable regardless of location are included in the "General" section and those aspects which depend on location are divided into two sections, namely "in Canada" and "in Europe." This difference reflects the Canadian Government's decision not to have infrastructure projects in Canada and the fact that negotiations for facilities outside Canada would have to include host countries. It is assumed, however, that the storage facilities in Europe will be commonly financed to NATO Infrastructure standards and are, therefore, subject to certain accepted NATO regulations.

There are certain aspects which, although not important in the negotiations of the present draft, must be considered before specific arrangements can be agreed to. For example, the fact that there will be a change from the type of weapon now being used by Canadian forces in Europe dictates that the existing agreements with the host countries will have to be renegotiated. Also, the acceptance of nuclear weapons for the Canadian forces in Europe may require the stationing of U.S. personnel at Canadian bases and would, in that case, necessitate supplementary agreements with the host countries.

It will be noted that Canada is responsible, regardless of location, for the provision of a "reliable means of signal communication." The nature of such means of communication will vary, depending upon the location and type of weapon, and therefore provision of these communications will be a factor for consideration in negotiating each separate agreement. To fulfil the Canadian requirement for control over use of the weapons, it will be appreciated that a positive system of communications between the Canadian Government and the Commander concerned, whether in Europe or North America, will be necessary, as well as that required between the U.S. authorities and the storage site. The nature and extent of such systems, and thus the costs involved, cannot be ascertained until the exact locations and numbers of sites are known as well as the Government's requirements as to the nature of these systems.

For similar reasons, the total cost of fulfilling Canada's other responsibilities regarding acquisition of land, construction of facilities, transportation, and logistic support, cannot be estimated at this time.

Although Cabinet has already authorized these negotiations and although there is some urgency to their advancement if enough progress is to be made for the Government to have something specific to report to Parliament at the new session, it was the opinion of the Panel that an account of the present situation, and the text of the draft note and annex, should be referred to Ministers for consideration before opening negotiations through the diplomatic channel. Accordingly, I am submitting this memorandum to you. Similar reports are being made by officials of the Departments concerned to the Ministers of National Defence and of Finance and by the Secretary of the Cabinet to the Prime Minister.

N.A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

Projet de note

Draft Note

SECRET Ottawa, December 7, 1959

DRAFT OF PROPOSED AGREEMENT WITH THE UNITED STATES ON THE ACQUISITION OF NUCLEAR WARHEADS FOR CANADIAN FORCES

Sir:

I have the honour to refer to Articles 20 and 21 of the communiqué issued by the North Atlantic Council on 19 December, 1957, and to discussions which have taken place in the Canada-United States Ministerial Committee on Joint Defence and between the Canadian and United States Chiefs of Staff, regarding the general principles under which nuclear warheads will be provided to and accepted by the Government of Canada for Canadian forces in Canada and Europe.

It is the understanding of the Canadian Government that agreement in principle has been reached in these discussions as to the terms on which nuclear warheads will be made available by the United States for Canadian forces in Canada and Europe. These terms recognize that it is important to limit the spread of nuclear weapons at the independent disposal of national governments and that, for this reason, ownership and custody of warheads provided for the use of Canadian forces should remain with the United States.

Without prejudice to the requirement for separate agreements relating to the different types of weapons to be provided in various circumstances, and the storage facilities related thereto, the Canadian Government now proposes that the general principles set out in the Annex to this Note should apply. If the United States Government concurs, I propose that this Note and your reply shall constitute an agreement effective from the date of your reply.

Accept, Sir, etc..

[ANNEXE/ANNEX]

Note

SECRET

GENERAL PRINCIPLES GOVERNING THE ACQUISITION BY CANADA OF NUCLEAR WARHEADS FOR CANADIAN FORCES IN CANADA AND EUROPE

A. Definitions

1. In this Annex, unless the context otherwise requires:

"Canada" means the Government of Canada, and "United States" means the Government of the United States of America;

the term "warhead" includes "weapons" where the two cannot practically be considered as physically separate components;

"NATO" means the North Atlantic Treaty Organization;

"Allied Government" means any Government, which is allied to Canada and the United States by its membership in NATO;

"Allied Commander" means the Commander of a NATO Allied Command;

"SACLANT" means the Supreme Allied Commander, Atlantic, of NATO;

"NORAD" means the North American Air Defence Command established by Canada and the United States in an Exchange of Notes dated 12 May, 1958;

"CINCNORAD" means the Commander in Chief of NORAD.

B. General

2. Ownership of any stocks of nuclear warheads will remain with the United States and their custody will be the responsibility of the United States. United States personnel will be provided for this purpose in the minimum numbers required.

3. The procedures under which the nuclear warheads will be released and employed will vary depending on the types of weapons and the operational theaters in which they are to be employed. These procedures will be the subject of separate governmental agreements and will be based on the principles of joint responsibility.

4. The United States will be physically and financially responsible for the provision, maintenance, modification and assembly of the nuclear warheads, including the provision of technical equipment, and of personnel in the minimum numbers required, for these functions.

5. Safeguards in the design of the nuclear warheads will be the responsibility of the United States. The procedure for handling the nuclear warheads to afford the maximum protection of lives and property will be subject to the agreement of Canada. Safety procedures for maintenance, transport, loading, storage and salvage will be equivalent to United States standards and will be the subject of arrangements between the appropriate military authorities of the two Governments.

C. Acquisition of Nuclear Warheads for Canadian Forces Stationed in Canada

6. The location of the stocks to be held in Canada will be determined by Canada in consultation with United States military authorities and CINCNORAD or SACLANT as appropriate.

7. The United States will be responsible for the movement, in accordance with agreed procedures and in conformity with applicable Canadian laws and regulations, of the nuclear warheads to and from Canada.

8. Except as otherwise agreed, Canada will be responsible for and bear the cost of:

(a) provision of the land required for the storage sites and associated facilities;

(b) construction of the storage sites and associated facilities which, except for those specified in paragraph 8(c) below, will conform with standards and criteria prevailing in NATO, and also their operation and maintenance;

(c) construction, in accordance with normal Canadian standards, of the increments to Canadian administrative installations and facilities (housing, messing, offices, etc.) necessary to accommodate United States custodial and support personnel, as well as the operation and maintenance of these facilities;

(d) transportation of nuclear warheads within Canada, subject always to the provision of paragraph 2 above;

(e) external security for all nuclear warheads in storage or during movement within Canada, and elsewhere as may be agreed, the detailed arrangements to be made by the appropriate military authorities of the two Governments;

(f) a reliable means of signal communication, where necessary, to meet the purposes of this agreement as shall be agreed by the appropriate authorities of the two Governments.

9. Canada will be responsible for arranging for reasonable administrative and logistic support, including that for United States personnel required to implement this agreement. Details of the support for United States personnel will be a matter to be mutually agreed between the appropriate agencies of the two Governments. Each Government shall bear the cost of the pay and allowances of its own personnel.

10. The status of United States personnel in Canada in accordance with the terms of this agreement will be governed by the provisions of the NATO Status of Forces Agreement and any supplementary arrangements which may be agreed upon.

D. Acquisition of Nuclear Warheads for Canadian Forces Stationed in Europe

11. The location of the stocks to be held in Europe will be determined by the appropriate Allied Commander in agreement with authorities of Canada, United States and the Allied Governments concerned.

12. United States forces will be responsible for the movement of the nuclear warheads into and from the Allied Command Europe Area. Responsibility for movement within this area will be as agreed between the appropriate Canadian, United States and Allied authorities.

13. Storage sites and associated facilities included in NATO infrastructure programmes and allocated for the use of Canadian forces will be subject to NATO infrastructure funding and procedures. Canada will be responsible, in accordance with the terms of Part C of this Annex, for arranging for the provision of facilities in Europe which it is mutually agreed are required for Canadian forces and United States personnel and which are not provided under common infrastructure.

14. Where Canada is the sole user of storage facilities in Europe, the responsibility for operation and maintenance of the facilities and administrative and logistic support for United States personnel will be in accordance with the provisions of Part C of this Annex, subject to agreement with Allied host governments where appropriate.

15. Where Canada is a joint user, with other members of NATO, of storage facilities in Europe, constructed as part of an infrastructure programme, the final determination of the division of responsibilities for the support and external security of the site or sites will be as agreed between the Governments concerned.

16. Canada will be responsible for and bear the cost of a reliable means of signal communication, where necessary, to meet the purpose of this Agreement as shall be agreed by the appropriate authorities of the two Governments.

E. Supplementary Arrangements

17. Supplementary arrangements between the appropriate authorities of the United States and Canada and between these authorities and Allied Commanders shall be negotiated as required for the purpose of implementing this agreement.

SUBDIVISION III/SUB-SECTION III

AVIONS DE SURVOL
OVERFLIGHTS

192. DEA/50210-F-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WISER 73 Washington, April 9, 1959

TOP SECRET. WISER. OPIMMEDIATE.
Reference: Our Tel WISER 72 Apr 9.[207]

TEXT OF REVISED SCHEDULE B AND TEXT OF DRAFT USA NOTE

Following is text of draft of Revised Schedule B dealing with movement of aircraft across the border and with methods of clearing flights of USA service aircraft over Canadian territory (WISER procedures): Begins: Methods of clearing flights of USA military aircraft over Canadian territory where the movement of nuclear weapons is involved.

Note: All USA military aircraft carrying nuclear weapons are to comply with the restrictions on routing, heights, and numbers laid down in Schedule A, Part I, Section 1. Nothing in this schedule relates to overflight by interceptors armed with nuclear rockets, which are covered by other arrangements.

Code Letter Y Type of Flight

Flights carrying nuclear weapons or nuclear components thereof which are undertaken as part of routine deployments, stockpiling, increasing readiness posture or emergency dispersal of nuclear weapons, using bases in Canada and/or overflying Canadian territory. This category includes bomber or transport aircraft carrying nuclear weapons.

Flight programs covering a 6 month period will be cleared at governmental level (State-External Affairs). Individual flights to be cleared in advance between Chiefs of Air Staff. Necessary modification to, and contingency requirements not included in the flight programs will be cleared in advance between Chiefs of Air Staff.

Code Letter Z

Flights carrying nuclear weapons or nuclear components thereof and engaged on strikes or deployments for strikes using bases in Canada or overflying Canadian territory. This category covers the case where an immediate strike is contemplated.

Government-to-Government. (State Department-External Affairs). At the earliest possible indication of such a requirement, a request will be submitted through previously arranged channels to allow expeditious action by Canada. Ends.

Following is text of draft USA Note on the Need for Revision of the MB-1 Overflight Agreement: Begins:

[207] Voir/See Document 172.

Excellency:

I have the honor to refer to the exchanges of notes of February 19 and June 28, 1957, and May 12 and June 30, 1958, between our two governments, authorizing the carriage of MB-1 weapons over Canada by USA interceptors under certain conditions.[208] These agreements have greatly enhanced the joint air-defense capability of our two countries. This capability, the USA Government believes, can be still further enhanced, particularly in view of the recently established North American Air Defense Command, by modifying the existing agreement in the respects set forth hereinafter.

There are four features of the existing arrangements which the USA Government believes should now be reconsidered and modified to reflect prospective technological advances and the long-range air defense needs of NORAD.

First, arrangements to date have been made on a year-to-year basis and the present agreement will expire in a matter of months, on July 1, 1959. It has been contemplated that these provisional arrangements would be supplanted at an appropriate time by more permanent arrangements. In view of the establishment and successful operation of the integrated North American Air Defense Command, the USA Government believes it would now be appropriate and operationally advisable to accord these arrangements the same duration as NORAD.

Second, the existing interim agreement concerns only the MB-1, a specific model of air defense weapon. The USA Government believes that the language should take account of the fact that technological advances may produce weapons of different nomenclature during the many years NORAD may continue.

Third, the interim arrangements apply to an area which geographically is much smaller than the area of NORAD responsibility. In view of the present and prospective range of nuclear-capable interceptors, operating from the USA, including Alaska, it seems advisable to the USA Government that existing geographical limitations should be removed in order that these interceptors may carry out their functions everywhere within the area of NORAD's responsibilities.

Finally, the interim arrangement could impair the potential effectiveness of the interceptors involved by limiting their nuclear-capable flights to conditions of air defense warning yellow or red. The effect of this restriction is to preclude overflights during the critical period between first warning of approaching air attack and actual hostile penetration of the air defense combat zone. The USA Government considers that warning of approaching air attack justifies the taking of prompt defensive measures in response and that, therefore, it is necessary to launch these flights when a condition of at least air defense readiness has been declared by CINCNORAD.

Accordingly, the USA Government proposes that henceforth USA interceptor aircraft under the operational control of NORAD be authorized to carry nuclear air defense weapons over Canada in accordance with the following principles:

1. The authorization shall continue in force for the period of operation of the integrated North American Air Defence Command.

2. Such aircraft armed with nuclear air defense weapons may enter Canadian air space whenever a condition of air defense readiness, or a higher state of alert, is declared by CINCNORAD. Such aircraft may land at, and take off from, military airfields in Canada.

3. The rules for interception and engagement of hostile aircraft over Canadian territory shall be those established from time to time by the Canadian Government for Canadian military

[208] Voir le volume 25, document 26, note 60./See Volume 25, Document 26, footnote 60.

aircraft over Canadian territory, or as established by CINCNORAD upon approval by the appropriate authorities of the two governments.

4. The USA Government will continue to take the utmost precaution in designing nuclear air defense weapons, and will exercise equal precaution in establishing operational procedures, to insure a minimum possibility of public hazard when employment of such weapons is necessary. Representatives of the RCAF will continue to be thoroughly informed by the USAF concerning both storage and operational safety measures.

5. The USA Government will take measures to insure that the Canadian Government is immediately notified of any crash in Canadian territory of a USA military aircraft carrying nuclear air defense weapons.

6. In accordance with such agreements as have been or may be concluded between the two governments with respect to the transfer of atomic information, and pursuant to detailed arrangements between the USAF and the RCAF, designated RCAF personnel will be provided with training necessary for appraisal, monitoring, and decontamination in the event of accident involving nuclear air defense weapons. In the event salvage is necessary, the USAF will send trained personnel at any time, upon request of the RCAF, to assist in the operation.

7. Any information to be released by the two governments, jointly or separately, concerning this subject will be processed in accordance with the understanding of March 19, 1951, which governs the release of publicity relating to joint Canadian-USA defense plans and operations.

If the foregoing principles are acceptable to your Government, I propose that this note and your reply thereto shall constitute an agreement between our two governments, replacing the current MB-1 overflight agreement effective on the date of your reply.

Accept, Excellency, the renewed assurances of my highest consideration. Ends.

[A.D.P.] HEENEY

193. DEA/50210-F-40

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

CDC DOCUMENT NO. D-5-59 Ottawa, June 26, 1959

TOP SECRET

AGREEMENT FOR UNITED STATES FORCES TO OPERATE IN CANADIAN AIRSPACE CARRYING AIR-TO-AIR ATOMIC MISSILES

1. In December 1956 the previous Government agreed to authorize the United States Air Force to fly aircraft armed with air-to-air atomic missiles over Canadian territory under specific conditions laid down by the Minister of National Defence. This agreement was for a period of six months. The agreement was later extended to 1 July 1957, and in June 1957 it was further extended to 1 July 1958. In the exchange of notes of 12 May 1958, extending the agreement to 1 July 1959, the United States Government proposed that the area over which the US aircraft could operate with atomic weapons should be extended from the Canadian territory bordering on the Great Lakes and extending northwards to about 50th parallel latitude, to an area extending northwards to about the 54th parallel latitude. This extension of the area of operations was accepted by the Government.

2. In Telegram 73 of 9 April from the Canadian Ambassador in Washington, the United States put forward proposals for the revision of the MB1 overflights agreement agreed to in May 1958, and which is due to expire on 1 July 1959. A copy of Telegram 73 of 9 April is attached as Appendix "A".[209] The suggested revisions to the agreement are as follows:

The present agreement is of an interim nature and in its present form applies only to intercepttors equipped with the MB-1 rocket and overflights of Canadian territory as far north as the 54th parallel. These flights are limited to conditions of RED and YELLOW warning. These restrictions limit the capability of USAF interceptors based in Alaska and in the USA to respond effectively to an approaching hostile air attack. Therefore, the USA proposes to replace the present agreement with a long term agreement which would:

(i) continue in force for the period of operations of NORAD (ten years);

(ii) eliminate the term "MB-1 rocket" and substitute the term "nuclear air defence weapons;"

(iii) remove the limitation on nuclear overflights to an area south of the 54th parallel to permit overflights to all Canadian territory and landing and take-off rights from bases in Canada. The landing and take-off rights would apply only to USA interceptors launched from bases outside Canada;

(iv) extend the authorization for such nuclear overflights of Canadian territory from conditions of RED or YELLOW warning to a condition of maximum readiness — Air Defence Readiness, declared by CINCNORAD.

3. The Chiefs of Staff have given careful consideration to these revisions and wish to put forward the following comments for consideration:

(i) *The Length of the Period of the Agreement.* It is considered that as it is likely that revisions and amendments to this agreement may from time to time be necessary, for example as and when the Canadian air defence forces are armed with nuclear weapons, it is considered advisable not to initiate a long-term agreement but to allow for amendment and renewal annually.

(ii) *Nomenclature of the Air Defence Weapons.* It is considered advisable to accept the suggestion to eliminate the term "MB-1 rocket" and to substitute the term "nuclear air defence weapons" as it is quite likely that the MB-1 rocket will be replaced in the near future by more advanced air-to-air nuclear weapons.

(iii) *Extension of the Area of Operations.* In order to allow for full utilization of the United States air defence forces in Newfoundland, Labrador and Alaska against any bomber attack entering Canada, it is considered advantageous to the defence of Canada to remove the limitations of the area and allow full use of Canadian airspace in the event of an attack.

(iv) *Conditions of Use.* The present arrangement restricts the use of United States interceptor aircraft carrying nuclear weapons to conditions of RED and YELLOW warning. The effect of the present restriction is to preclude overflights during the critical period of first warning of approaching air attack and the actual hostile penetration of the air defence combat zone. Because of the increased speed of bomber aircraft, the warning time is becoming shorter. Therefore there is less time available to fit each aircraft with nuclear missiles, make the necessary adjustments and tests, and reach the hostile bomber in time to make an interception beyond the populated part of Canada. Therefore it is considered prudent to allow the use of nuclear air-to-air weapons under conditions of maximum air readiness,

[209] Voir le document précédent./See the previous document.

which is the highest state of readiness to which the air defence forces of NORAD can be called by the Commander-in-Chief NORAD.

Recommendations

4. The Chiefs of Staff recommend, and I concur, that approval be given to the revision of the MB-1 overflight agreement as follows:

(i) *Length of Period of Agreement*. The United States recommendation that the period of the agreement should be the duration of NORAD should not be accepted and the US authorities should be advised as follows:

"As it is likely that revisions and amendments to this agreement may from time to time be necessary, for example as and when the Canadian air defence forces are armed with nuclear weapons, it is considered advisable not to initiate a long-term agreement but to allow for amendment and renewal annually."

(ii) *Elimination of the Term "MB-1 Rocket"*. The term "MB-1 rocket" should be eliminated and term "nuclear air defence weapons" should be substituted.

(iii) *Area of Operations*. The existing geographical limitations should be removed in order that interceptors may carry out their functions anywhere within the area of NORAD's responsibilities.

(iv) *Conditions of Use*. The authorization of nuclear overflights of Canadian territory should be permitted under conditions of air defence readiness declared by the Commander in Chief NORAD.

[GEORGE PEARKES]

194. PCO/C-20-9(a)-D

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

CDC Document No. D-6-59 Ottawa, June 26, 1959

TOP SECRET

OVERFLIGHTS BY UNITED STATES MILITARY AIRCRAFT

1. In late 1951 the Permanent Joint Board on Defence negotiated mutual arrangements for the clearing of Service flights across the Canada-United States border for Canadian military aircraft entering the United States and for United States military aircraft entering Canada. These arrangements were confirmed by the Government, and the Minister of National Defence was given authority by Order in Council PC 2307 of 17 April 1952 (copy attached as Appendix "A")† to regulate the flights of military aircraft in Canadian airspace under the provisions of section four of the Aeronautics Act.

2. Subsequent to these negotiations, the US authorities requested that further arrangements should be made under a secret appendix to this Order in Council for the clearance of aircraft of the Strategic Air Command operating in Canadian airspace under three distinct categories. These categories became known as "X", "Y" and "Z" flights, and the procedures for clearing these flights were included in a Secret Appendix to the Order in Council, known as Schedule B.

Category "X" covered training flights for routine deployment but not carrying nuclear components.

Category "Y" covered routine flights carrying nuclear components for stockpiling, testing or training, and using bases in Canada or overflying Canadian territory.

Category "Z" covered flights carrying nuclear components and engaged in strikes or deployments for strikes, using Canadian bases or overflying Canadian territory. This category covered the case where an immediate strike was contemplated.

3. Detailed arrangements for clearing these flights were made by the Government, and in the case of "Y" and "Z" flights, arrangements were made whereby these flights would be cleared at governmental level. The details of the individual flights would be channelled from Air Force to Air Force and in order to conform to the provisions of Order in Council 2307, these flights would be submitted for ministerial approval. A copy of Schedule B showing the methods of clearing flights involving nuclear weapons is attached as Appendix "B".†

4. These detailed procedures were considered necessary in order to conform with the provisions of the Aeronautics Act and to ensure that flights of Strategic Air Command aircraft could be controlled in such a way as not to interfere with civilian air traffic. It was also necessary to ensure that should there be an accident involving an aircraft carrying nuclear weapons, immediate action could be taken to deal with the nuclear components. These procedures have worked out satisfactorily for the past seven years.

5. As the number of flights of strategical aircraft has increased materially over the past two years, and in view of the probability that other aircraft than those of the Strategic Air Com-and may be carrying nuclear weapons in Canadian airspace, it is thought desirable to give consideration to revising the procedure laid down in 1952. The United States authorities forwardded on 9 April a proposed revision to Schedule B. A copy of the message of 9 April is attached as Appendix "C".[210] The revisions suggested by the US authorities are as follows:

(a) Under Category "Y" the US authorities wish to include transport aircraft carrying nuclear weapons as well as aircraft of the Strategic Air Command. This recommendation is necessary as the re-stocking of the United States bases overseas is now to be done by transport aircraft instead of bomber aircraft. The change in the type of aircraft does not in any way increase the danger or have any military significance.

(b) It is further suggested that the flight programmes covering a six-month period should be cleared at governmental level in lieu of clearing each programme. This revision has been suggested by the US authorities as it is considered that it may be more convenient for the Government to clear these programmes twice a year. It is understood that the US authorities would be prepared to go along with the present arrangement of clearing each programme on government level, if this procedure was considered preferable.

(c) The third suggestion, that individual flights be cleared in advance between the Chiefs of Air Staff, is in fact the present procedure but the Chief of the Air Staff forwards the details of each individual flight for approval by the Minister of National Defence, as is required under Order in Council 2307. If it is considered advisable to have this procedure mentioned in the exchange of notes with the United States, it is suggested that this paragraph could be revised as follows:

"The programme of each series of exercises will be cleared at governmental level through diplomatic channels. Details of individual flights and any modifications and contingency requirements not included in the flight programme will be cleared in advance between the

[210] Voir/See Document 192.

Chiefs of Air Staff. Each of these flights will require to be authorized by the Minister of National Defence in accordance with the regulations laid down in Order in Council 2307 of 1952."

Recommendation

6. It is recommended that the United States authorities be informed that the Canadian Government agrees to the revision of Schedule B as follows:

(a) Category "Y" - flights carrying nuclear weapons or nuclear components which are undertaken as part of routine deployments, stockpiling, increasing readiness posture or emergency dispersal of nuclear weapons, using bases in Canada and/or overflying Canadian territory. This category includes bomber or transport aircraft carrying nuclear weapons.

The programme of each series of exercises will be cleared at governmental level through diplomatic channels. Details of individual flights and any modifications and contingency requirements not included in the flight programme will be cleared in advance between the Chiefs of Air Staff. Each of these flights will require to be authorized by the Minister of National Defence in accordance with the regulations laid down in Order in Council 2307 of 1952.

(b) Category "Z" - flights carrying nuclear weapons or nuclear components thereof and engaged on strikes or deployments for strikes, using bases in Canada or overflying Canadian territory. This category covers the case where an immediate strike is contemplated.

Government to Government (State Department to External Affairs) - at the earliest possible indication of such a requirement, a request will be submitted through previously arranged channels for expeditious action by Canada.

7. Revised Schedule B is attached as Appendix "D".†

[GEORGE PEARKES]

195. PCO

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], June 27, 1959

Present

The Minister of National Defence, (Mr. Pearkes), in the Chair,
The Secretary of State for External Affairs, (Mr. Green),
The Minister of Finance, (Mr. Fleming),
The Minister of Defence Production, (Mr. O'Hurley).

The Secretary (Mr. Martin).

The Chairman, Chiefs of Staff, (General Foulkes),
The Chief of the Air Staff, (Air Marshal Campbell),
The Secretary to the Cabinet, (Mr. Bryce),
The Under-Secretary of State for External Affairs, (Mr. Robertson),
The Deputy Minister of Defence Production, (Mr. Golden),
The Assistant Deputy Minister of Finance, (Mr. Plumptre).

1. *The Minister of National Defence* explained that the Prime Minister was unable to be present owing to a prior engagement. However, he had read all the papers and had expressed the hope that the Committee would be able to reach decisions on the subjects on the agenda.

2. *Mr. Pearkes* went on to say that since the Committee was a Cabinet Committee, he thought it should not be accepted as a rule that officials should be present throughout meetings of the Committee. Their presence was desirable and helpful during the discussions but he thought it might be that, on occasions, they should withdraw when the time came to reach decisions.

I. AGREEMENT WITH THE UNITED STATES ON CARRIAGE OF ATOMIC WEAPONS OVER CANADA BY INTERCEPTOR AIRCRAFT

3. *The Minister of National Defence* recalled that the previous government had authorized the United States Air Force to fly aircraft armed with air-to-air atomic missiles over Canadian territory under conditions laid down by the Minister of National Defence. This agreement had been extended from time to time and in the latest extension, which was to July 1st, 1959, Canada had agreed that the proposed area over which U.S. interceptors could operate with atomic weapons be extended northward to about the 54th parallel of latitude.

The U.S. had now proposed further revisions to the overflight agreement as follows

(a) the agreement to continue in force for the period of operations of NORAD (ten years);

(b) eliminate the term "MB1 rocket" and substitute the term "nuclear air defence weapons;"

(c) remove the limitation on nuclear overflights to an area south of the 54th parallel to permit such flights over all Canadian territory and landing and take-off rights from bases in Canada. The landing and take-off rights would apply only to U.S. interceptors launched from bases outside Canada;

(d) extend the authorization for such nuclear overflights of Canadian territory from conditions of RED or YELLOW warning to a condition of Maximum Readiness — Air Defence Readiness, declared by CINCNORAD.

The Chiefs of Staff had considered these revisions and had made the following comments on them

(a) *Length of Period of the Agreement*. Since it was likely that revisions and amendments might be necessary from time to time, for example as and when Canadian air defence forces were armed with nuclear weapons, it was considered advisable not to initiate a long-term agreement but to allow for amendment and renewal annually.

(b) *Nomenclature of the Air Defence Weapons*. The suggestion to substitute the term "nuclear air defence weapons" for "MB1 rocket" should be accepted as it was quite likely that the MB1 rocket would be replaced in the near future by more advanced nuclear air-to-air weapons.

(c) *Extension of the Area of Operations*. It would be advantageous to the defence of Canada to remove the limitations concerning the area of operations and allow full use of Canadian air space in the event of an attack.

(d) *Conditions of Use*. The effect of restricting nuclear overflights to conditions of RED or YELLOW warnings precluded overflights during the critical period of first warning of approaching air attack and the actual hostile penetration of the air defence combat zone. Because of the increased speed of bomber aircraft, the warning time was becoming shorter. There was, therefore, less time available to fit each aircraft with nuclear missiles, make the necessary adjustments and reach the hostile bomber to make an interception beyond the populated part of Canada. It was, therefore, considered prudent to allow the use of nuclear air-to-air weapons under conditions of Maximum Readiness - Air Defence Readiness — the highest state of readiness to which the air defence forces of NORAD could be called by CINCNORAD.

4. *The Minister*, on the advice of the Chiefs of Staff, recommended that the MB1 overflight agreement be revised as follows:

(a) The U.S. recommendation that the period of the agreement be extended for the duration of NORAD not be accepted but that, since it was likely that revisions and amendments might be necessary from time to time, provision should be made to allow for amendment and renewal annually.

(b) The term "nuclear air defence weapons" be substituted for the term "MB1 rocket."

(c) The existing geographical limitations on the area of operations be removed.

(d) Nuclear flights over Canadian territory be permitted under conditions of air defence readiness declared by the Commander in Chief NORAD.

An explanatory memorandum had been circulated. (Minister's memorandum, June 26, 1959 — Document D5-59).

5. *During the discussion* the following points emerged:

(a) YELLOW warnings were issued to the population of a specific area when an attack was imminent in another area of Canada. RED warnings were issued when an attack was imminent in a particular area. They were only given when hostile bombers had penetrated or were about to penetrate the areas in question. It was now felt desirable to authorize the use of U.S. interceptor aircraft carrying nuclear weapons when the first warning of an approaching air attack over North America was received.

(b) The Secretary of State for External Affairs expressed concern over the difficulty of explaining an agreement to permit U.S. interceptor aircraft armed with nuclear weapons to overfly all of Canada. It was pointed out that the agreement given previously to authorize overflights up to the 54th parallel had never been announced. Furthermore, there was no interceptor defence in large parts of Canada and the proposal of the U.S. meant increased protection for large parts of the country.

(c) It was argued further that the proposed arrangements would mean that the battle would be fought farther away from the populated areas of Canada than would presently be the case and that the danger to the population from nuclear explosions or radiation would therefore be considerably reduced.

(d) The nuclear weapons were not made available to U.S. interceptor aircraft except with the agreement of the President. However, arrangements between the President and CINCNORAD had been made for their release, but the U.S. authorities had not been willing to inform the Canadian authorities of these arrangements in view of Congressional susceptibilities. Under the new arrangements the release would be made on the declaration by CINCNORAD of Maximum Readiness - Air Defence Readiness which would be called only when hostile aircraft were penetrating the warning lines.

(e) The U.S. interceptor squadrons in Alaska, Thule and on the leased bases in Newfoundland would soon all be equipped with air-to-air nuclear weapons and the proposal would enable them to operate over areas of Canada which they would otherwise not be able to do. In other words, they would not be completely effective in the absence of Canadian approval of the U.S. proposal.

(f) While, from the political standpoint, it might be difficult to explain the extension of the area of operations of the agreement, from the military point of view it would be easy to explain on the grounds that the battle would be fought as far north as possible.

(g) The reason for changing the term "MB1 rocket" to "nuclear air defence weapons" was that additional weapons were now under development and would soon be available for fitment to interceptors. In this connection, it would be wise to amend the American suggestion further and use the phrase "nuclear air-to-air defence weapons." Otherwise, the phrase as proposed by the U.S. could be construed to mean ground-to-air weapons such as the Bomarc.

(h) Canada and the U.S. had already agreed that CINCNORAD could himself declare a state of Maximum Readiness - Air Defence Readiness. This was the highest state of readiness preparatory to declaring RED or YELLOW warnings, when actual penetrations had taken place.

(i) The conditions of release of atomic weapons by the President had never, as previously stated, been explained satisfactorily to Canadian authorities. There was a special degree of delegation in this regard to CINCNORAD which did not appear to be the case for SAC. The reason was that the only weapons NORAD would have available would be air defence weapons such as MB1 and Bomarc. The important political aspect was that these weapons could only be used on this continent for defence. Originally a high degree of control had been envisaged by Congress when only offensive weapons were available. One wondered whether the original restrictions still applied to SAC. It was understood that, as far as NORAD was concerned, the President probably felt that the Congressional limitations on release of defence weapons were impracticable. The logic, however, of what appeared to be present arrangements for NORAD might be applied to SAC in the event of an attack on North America.

(j) Instead of trying to explain why Canada would not wish to extend the present agreement for a ten-year period, the U.S. authorities should simply be told that Canada was not prepared to do this.

6. *The Committee* noted the report of the Minister of National Defence and the ensuing discussion on the U.S. proposal to revise the agreement with the United States on carriage of atomic weapons over Canada by interceptor aircraft (MB1 overflight agreement), and agreed

(a) that the U.S. proposal that the period of agreement should be the duration of the NORAD agreement should not be accepted but that the U.S. authorities be informed that it was considered desirable not to initiate a long term agreement but to allow for amendment and renewal annually;

(b) that the term "MB1 rocket" be eliminated from the agreement and the term "nuclear air-to-air defence weapons" substituted;

(c) that the existing geographical limitation be removed in order that interceptors might carry out their functions anywhere within the area of NORAD's responsibilities;

(d) that the authorization of nuclear overflights of Canadian territory be permitted under conditions of Maximum Readiness - Air Defence Readiness declared by the Commander-in-Chief, NORAD;

(e) that the U.S. authorities be informed that Canada was prepared to extend the coverage of the current MB1 agreement until such time as a new agreement entered into force.

II. REVISIONS OF ARRANGEMENTS WITH THE UNITED STATES ON CLEARANCE OF OVERFLIGHTS OF AIRCRAFT, OTHER THAN INTERCEPTORS, WITH NUCLEAR WEAPONS

7. *The Minister of National Defence* reviewed the arrangements for the clearing of service flights across the Canada-U.S. border for Canadian military aircraft entering the U.S. and for U.S. military aircraft entering Canada. The Minister of National Defence was authorized by Order in Council P.C. 2307 of April 17, 1952, to regulate the flights of military aircraft in Canadian air space under the provisions of the Aeronautics Act. Subsequent to the making of these arrangements, the U.S. authorities requested that further arrangements should be made secretly for the clearance of aircraft of the Strategic Air Command operating in Canadian air space under three distinct categories. These categories had become known as "X", "Y" and "Z" flights and the procedures for their clearance were governed by a schedule to the regulations established by Order in Council P.C. 2307 of April 17, 1952. Category "X" flights covered training flights for routine deployment not carrying nuclear weapons. Category "Y" dealt with routine flights carrying nuclear components for stockpiling, testing or training and using bases

in Canada or overflying Canadian territory. Category "Z" dealt with flights carrying nuclear components and engaged in strikes or deployments for strikes, using Canadian bases or overflying Canadian territory. This category covered the case where an immediate strike was contemplated. Detailed arrangements for clearances were made by the government and, in the case of "Y" and "Z" flights, clearance was obtained at government level. The details of each flight were channelled from Air Force to Air Force and submitted for Ministerial approval. The procedures involved were considered necessary in order to conform with the Aeronautics Act and to ensure that flights of SAC aircraft were controlled in such a way as not to interfere with civilian air traffic. It was also necessary to ensure that, should there be an accident involving an aircraft carrying nuclear weapons, immediate action could be taken to deal with the nuclear components.

In view of the fact that the number of flights had increased materially in the past two years, and because of the probability that other aircraft than those of SAC might be carrying nuclear weapons in Canadian air space, U.S. authorities proposed that the schedule governing the procedures for clearance of these flights be revised. The suggested revisions were as follows:

(a) Under Category "Y", the U.S. wished to include transport aircraft carrying nuclear weapons as well as aircraft of the Strategic Air Command. This proposal was considered to be necessary because the re-stocking of U.S. bases overseas was now done by transport aircraft instead of bomber aircraft. The change did not in any way increase the danger or have any military significance.

(b) Flight programmes covering a six-month period should be cleared at governmental level instead of clearing each programme. This had been suggested by the U.S. authorities because it was thought to be more convenient for the Canadian government to clear these programmes twice a year. However, the U.S. authorities would be prepared to go along with the present arrangements of clearing each programme at governmental level if this procedure was considered preferable.

(c) Individual flights should be cleared in advance between the Chiefs of the respective Air Staffs. This was in fact the present procedure but the Chief of the Air Staff forwarded the details of each individual flight for the approval of the Minister of National Defence as required under Order in Council P.C. 2307. The Minister suggested an appropriate wording in the proposed exchange of notes if it was considered desirable to mention this particular Canadian procedure.

The Minister recommended that the U.S. authorities be informed that the Canadian government agreed to the revision in the secret schedule to the Order in Council regulating the flights of military aircraft in Canadian air space, as follows:

(a) Category "Y" - flights carrying nuclear weapons or nuclear components which are undertaken as part of routine deployments, stockpiling, increasing readiness posture or emergency dispersal of nuclear weapons, using bases in Canada and/or overflying Canadian territory, this category to include bomber or transport aircraft carrying nuclear weapons.

The programme of each series of exercises would be cleared at government level through diplomatic channels. Details of individual flights and any modifications and contingency requirements not included in the flight programme would be cleared in advance between the Chiefs of Air Staff. Each of these flights would require to be authorized by the Minister of National Defence in accordance with the regulations laid down in Order in Council 2307 of April 17, 1952.

(b) Category "Z" - flights carrying nuclear weapons or nuclear components thereof and engaged on strikes or deployments for strikes, using bases in Canada or overflying Canadian territory. This category covered the case where an immediate strike was contemplated.

Government to Government (State Department to External Affairs) - at the earliest possible indication of such a requirement, a request would be submitted through previously arranged channels for expeditious action by Canada.

He submitted a revised schedule accordingly.

An explanatory memorandum had been circulated. (Minister's memorandum, June 26th, 1959 — Document D6-59).

8. *Mr. Pearkes* said that in the past when the U.S. had requested approval for an exercise or series of exercises extending over some months, he had informed the Prime Minister and the Secretary of State for External Affairs, who had approved the exercise in principle but not the individual flights. He reminded the Committee that prior authority had to be obtained from the Minister of National Defence for each flight. There was now outstanding a request from the U.S. authorities for the approval of a series of SAC exercises starting on July 1st and continuing through December, 1959. This had not yet been approved by the Secretary of State for External Affairs.

9. *During the discussion* the following points emerged:

(a) The "X" flights, hitherto part of the present order governing flight clearances, would now be cleared in the general category of military aircraft entering Canadian air space.

(b) The U.S. request referred to military aircraft and included bombers or transport aircraft. Whether it was intended to cover naval aircraft as well was not clear. The Prime Minister had emphasized in the House of Commons on June 3rd, 1958, that U.S. bomber aircraft carrying nuclear weapons over Canada did so only with prior permission from Canada, that each flight was dealt with specifically by separate application and there was no blanket authority. The Prime Minister was anxious that Canadian administrative procedures for clearance involving the approval of each flight by the Minister of National Defence should be stated in the reply to the U.S. request.

(c) If naval aircraft were included under the proposed new arrangements, this would be a restrictive measure upon the U.S. authorities. Otherwise, such aircraft might come under the general arrangements. However, it would be desirable not to include naval aircraft at this time.

10. *The Committee* approved the revised secret schedule to Order in Council P.C. 2307 of April 17th, 1952, establishing the methods of clearing flights of U.S. military aircraft over Canadian territory when the movement of nuclear weapons was involved, as submitted by the Minister of National Defence, on the understanding that this agreement applied to U.S.A.F. bomber or transport aircraft but not U.S. Naval aircraft.

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196. DEA/50210-F-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-527 Ottawa, June 29, 1959

TOP SECRET. OPIMMEDIATE.
Reference: Your Telegram Wiser 73 of April 9.
Repeat CCOS (Information).

REVISION OF MB-1 OVERFLIGHT AGREEMENT

The United States draft note set out in your telegram under reference proposing certain revisions to the current MB-1 agreement has been considered by Ministers.

2. They are prepared to agree to three of the revisions suggested by the United States. They are not, however, prepared to agree that the revised agreement should necessarily continue in force for the period of operation of NORAD. They wish provision to be made for the agreement to be renewed on an annual basis.

3. One further revision of the language of the United States draft note is desired by Ministers. They wish the phrase "nuclear air defence weapons" which appears five times in the United States draft note, to be revised to read "nuclear air-to-air defence weapons."

4. The provision concerning annual renewal of the agreement will require revision of numbered sub-paragraph 1 of the United States draft note and certain consequential revisions in the preambular paragraphs of the United States draft note. Preambular paragraph 3 should probably be deleted. We suggest that numbered sub-paragraph 1 of the United States draft note should read as follows:

"The authorization shall continue in force for a one-year period at which time it will be reviewed."

We are aware that it may be difficult for the United States authorities to deal with the Canadian revisions to their draft note before the expiry date of the current MB-1 agreement. You are therefore authorized to inform the State Department in writing that the Canadian Government is prepared to extend the coverage of the current MB-1 agreement until such time as the new agreement comes into force. We would hope however that the new agreement might be brought into force within a week or ten days at the outside.

5. When agreement has been reached with the United States authorities to make the revisions to their draft note which we have suggested, you are authorized to conclude the formal exchange of notes. Your reply might be along the following lines:

"I have the honour to refer to your Excellency's note of _____ proposing on behalf of your Government that United States interceptor aircraft under the operational control of NORAD be authorized to carry nuclear air-to-air defence weapons over Canada in accordance with the principles set out in your note.

"I am pleased to inform you that my Government concurs in the principles set forth in your note. My Government agrees with your further proposal that your note and this reply shall constitute an agreement between the Canadian and United States Governments effective on this

date which will replace the agreements between the two Governments concluded in the exchanges of notes of February 19 and June 28, 1957, and May 12 and June 30, 1958.

"Accept Excellency the renewed assurances of my highest consideration."[211]

197. PCO/R-100-1(c)

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM DL-563 Ottawa, July 10, 1959

TOP SECRET. OPIMMEDIATE.
Reference: Your WISER Tels 72[212] and 73 Apr 9.
Repeat CCOS (Information).

OVERFLIGHTS

Ministers have now been able to consider the revisions proposed by the USA authorities to Schedule B to PC 2307 April 17, 1952 and have authorized you to hand to the State Department an aide mémoire in the following terms. Text Begins:

The Canadian Government has carefully studied the proposals submitted to the Embassy by the State Department on April 9 with regard to the revision of existing procedures for clearing flights of Strategic Air Command aircraft over Canadian territory when the movement of atomic weapons is involved.

The Canadian Government has noted that the United States authorities have proposed that the present procedures as set out in Schedule B of Order-in-Council PC 2307 of April 17, 1952 be extended to cover, not repeat not merely overflights by aircraft of the Strategic Air Command, but by all United States military aircraft carrying nuclear weapons, less interceptors, for which separate arrangements would apply. The Canadian Government understands that in making this proposal the United States authorities have principally in mind the use of transport aircraft of the Strategic Air Command for restocking of USA bases overseas as well as bombers of the Strategic Air Command. It would, therefore, prefer that any extension of the present arrangements at this time be confined to SAC bombers and SAC transport aircraft. Accordingly it would suggest that the phrase "USA military aircraft" in the title and note under it of the proposed re-draft of Schedule B be replaced by "SAC bomber and SAC transport aircraft."

The Canadian Government has also noted the proposal that category "X" flights be eliminated from Schedule B and dealt with by the procedures for clearance set out in Schedule A to the same Order-in-Council. The Canadian Government can agree with this proposal.

With regard to the proposal to revise the procedure regarding category "Y" flights to permit clearances of six month programmes to be made at the governmental level, with individual

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[211] Ces révisions ont été acceptées par les représentants des États-Unis et les notes relatives à l'accord MB-1 ont été échangées le 30 juin 1959.
These revisions were accepted by United States officials and notes for the MB-1 agreement were exchanged on June 30, 1959.

[212] Voir/See Document 172.

flights and any modifications to the original programme to be cleared in advance between the Chiefs of Air Staff, the Canadian Government suggests that the relevant paragraph proposed by the United States authorities for the new Schedule B be altered as follows:

"The programme of each series of exercises will be cleared at governmental level through diplomatic channels. Details of individual flights and any modifications and contingency requirements not repeat not included in the flight programme will be cleared in advance between the Chiefs of Air Staff. Each of these flights will require to be authorized by the Minister of National Defence in accordance with the regulations laid down in Order-in-Council 2307 of April 17, 1952."

If the foregoing modifications to the USA proposals for revision of Schedule B are agreeable to the USA authorities, the Canadian Government will consider Schedule B to be revised accordingly.

At the same time, the Canadian Government feels that it should take this occasion to emphasize the importance it attaches to the views it has expressed on previous occasions involving overflights conducted over extended periods of time. These were set out at some length in the Ambassador's note of March 6, 1959, in which particular mention was made of the need to ensure that no repeat no publicity be given to overflights of aircraft carrying nuclear weapons and of the fact that circumstances might arise which would necessitate further consideration by the Canadian Government of the desirability of SAC exercises insofar as they affect Canada and which could justify their suspension. Text Ends.

2. As stated in the aide mémoire, it is our understanding that in proposing that Schedule B be made to apply to all USA military aircraft, the USA authorities had principally in mind SAC transport aircraft for restocking bases overseas in addition to SAC bombers. It has occurred to us, however, that the USA authorities might have had in mind as well USA navy aircraft using Canadian airspace either to fly naval nuclear weapons to bases overseas or into Argentia if and when necessary agreement is reached with regard to their storage at that base. If we have been right in this assumption and the State Department raise the matter, you may inform them orally that Ministers had considered this aspect of the matter but that they were reluctant to agree to any procedure covering such overflights while the storage question at Argentia remains unresolved. In any event you may assure the State Department that the phrase "SAC transport aircraft" will be interpreted by us as meaning USAF transport aircraft carrying nuclear weapons on behalf of SAC.

3. With regard to our suggested revision of the paragraph concerning "Y" flights, our principal reason for putting forward this amendment is that Ministers are not repeat not prepared to approve requests for training exercises extending over such a lengthy period of time as six months. Under these circumstances you will no repeat no doubt be asked for what length of time should a programme of training flights be put forward. Accordingly, you may say that in future we would appreciate it if requests for each series of training exercises be for not repeat not longer than three or four months.

4. The reference in the last sentence of our suggested revision of the paragraph concerning "Y" flights to approval of each flight by the Minister of National Defence only reflects what has always been our internal practice.[213]

[213] L'aide-mémoire a été remis au département d'État le 10 juillet 1959.
This aide-mémoire was delivered to the State Department on July 10, 1959.

198. DEA/50195-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 3133 Washington, December 22, 1959

TOP SECRET. PRIORITY.

Reference: Your Tel DL-563 July 10.
Repeat CCOS, Secretary to the Cabinet (Information).

OVERFLIGHTS

When we saw Willoughby (Office of British Commonwealth and Northern European Affairs) the other day he passed on to us State Department comments on our aide mémoire of July 10 setting out your views on the United States proposal for revising overflight procedures as set out in Schedule 13 of Order-in-Council PC-2307 of April 17 [1952].

2. His first point was that, "The Canadian proposal to replace the phrase 'United States military aircraft' in the title and note of the proposed revision of Schedule B with the phrase 'Strategic Air Command bomber and Strategic Air Command transport aircraft' poses difficulties in that the language would exclude clearance of overflight programs where flights may be of a routine deployment or re-supply character but involve transport for United States military organizations other than SAC. In order to bring such programs under the Schedule B clearance procedures, the State Department believe it would be desirable to modify the suggested Canadian revision in the title and note to read 'Strategic Air Command bomber and United States military transport aircraft.'"

3. You will recall that one of our reservations in opposing the USA formula, "United States military aircraft," was that the USA authorities might have had in mind covering USA Navy aircraft using Canadian airspace either to fly naval nuclear weapons to bases overseas or into Argentia if and when the necessary agreement were reached with regard to their storage at that base. You instructed us, if the State Department raised the matter, to inform them orally that Ministers had considered this aspect of the matter but that they were reluctant to agree to any procedure covering such overflights while the storage question at Argentia remained in abeyance. Our understanding is that the point was not raised by the State Department in July. However, we did inform Willoughby the other day, what Ministers' views had been when they had authorized our aide mémoire of July 10. Against the event that you might be prepared to reconsider the request inherent in the State Department's suggestion that the expression "Strategic Air Command bomber and United States military transport aircraft" be used in Schedule B, we asked Willoughby if he could ascertain more precisely the nature of redeployment and re-supply transport flights for United States military organizations other than SAC. We have now been informed that the flights envisaged would be routine deployment or re-supply flights by the Materiel Command or by the United States Navy on behalf of forces in Europe other than SAC, or in connection with the NATO programme as that develops. They would also have in mind covering such air transport as might be required if eventually agreement were reached concerning Canadian requirements and United States requirements in Canada.

4. Other comments made by Willoughby were as follows:

(a) The proposed Canadian revision for clearance procedures for "Y" category of overflights is not entirely clear. The first sentence speaks of governmental clearance for the programme of "each series of exercises." However, the type of flight contemplated under category "Y" would not be limited to exercises. Therefore, in order to avoid any possible misunderstanding, Willoughby suggested the sentence might read, "The programme of each series of overflights will be cleared at governmental level through diplomatic channels."

(b) Although individual category "Y" overflights not falling within a particular programme are not expressly covered under the proposed revision of category "Y" clearance procedures, Willoughby assumed that clearances for such individual overflights will continue to be made at governmental level through the State Department and External Affairs.

5. We think this point might be covered by inserting after "series of overflights" in the amendment suggested by Willoughby in (a) above, the following, "and *ad hoc* individual overflights."

6. May we have your further instructions?

SECTION C

OPÉRATION SKYHAWK
OPERATION SKYHAWK

199. DEA/50309-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], August 21, 1959

NORAD — EXERCISE "SKYHAWK"

During your absence from Ottawa our Embassy in Washington informed us that the United States Department of Defence and the State Department had agreed to the desirability of NORAD holding a large scale exercise to test the air defences of North America. In the course of his recent visit to Ottawa Mr. McElroy also brought up this matter in conversation with Mr. Pearkes.[214] Next Monday there will be a special meeting of the Chiefs of Staff Committee which will be briefed by a NORAD team. A number of the operational details, however, are already known to the R.C.A.F.

2. The general plan as it has been explained to us is that a number of bombers of the Strategic Air Command will fly out from their bases in the United States and return, together with about 50 SAC bombers from the overseas bases, approaching North America from the North, South, East and West. These bombers will make strong use of electronic counter-measures in order to test radar and other detection devices. The exercise will last about seven hours, and will require the grounding during that period of all civil aircraft in Canada and the United States, and all

[214] Il était d'abord prévu qu'Eisenhower se rendrait à Moscou peu après la visite de Khrouchtchev aux États-Unis, en septembre. Ce projet n'a cependant pas eu de suite.
It was originally planned that Eisenhower would visit Moscow soon after Khrushchev's visit to the United States in September. However, the visit was postponed.

civil aircraft flying into Canada and the United States. So that disturbances to civil air schedules may be kept to a minimum the exercise will take place between midnight and seven a.m., E.S.T. These bombers will not carry nuclear weapons.

3. This will not be the first time SAC bombers will be used in an exercise to test the radar warning system. Also, NORAD is constantly exercising its interceptor squadrons. The only new element involved, therefore, in this case is that extensive use will be made of electronic counter-measures; for the first time the effectiveness of the warning system will be given a major test in dealing with such measures and the Command as a whole exercised in this regard. It is in order to eliminate the possibility that a civil aircraft might be taken for a decoy that all such aircraft will have to be grounded. We have been told by the Department of Transport that Mr. Hees has authorized officials of his Department to prepare the necessary Notice to Airmen which would be issued to Canadian civil aircraft and foreign air lines flying into Canada.

4. We understand that the most likely date for the exercise to be held in October 3. If so, it would take place prior to the President's visit to Moscow. In any event, the State Department do not believe it will have any implications with regard to the President's visit. In view of the present political climate and of the fact that the purpose of the exercise is to test the purely defensive capability of NORAD, we do not feel that the proposed exercise will have very significant adverse political repercussions.

5. If this exercise is to be held, would you agree that as a matter of courtesy we should inform the Governments of those countries whose air lines fly into Canada? These are: Australia, Belgium, Colombia, Denmark, France, Germany, Iceland, Israel, Italy, Japan, Norway, Spain, Sweden, The Netherlands, and the United Kingdom. The State Department will be taking such action with regard to air lines flying into the United States and have suggested to our Embassy in Washington that if we agree to this course, the action we would take might be co-ordinated with that of the State Department. As the Department of Transport would be issuing orders directly to the air lines, we think that such co-ordinated action would go some way to dispel any unhappiness which the exercise might occasion. As a member of the International Civil Aviation Organization, we also have an obligation to inform that body.

6. With regard to publicity, it is our understanding that, although every effort will be made to play down this exercise as much as possible, a joint announcement will be made, possibly during the first week of September. The terms of such an announcement will be worked out between the United States Department of Defence and the Department of National Defence, but we have told the latter that we would wish to be consulted prior to any release being made. We also believe the Governments concerned should be informed prior to such an announcement being made.

7. As I hope to be able to attend the special meeting of the Chiefs of Staff Committee on Monday afternoon, it would be helpful if I could have some indication of your views to present to that meeting.[215]

J.W. H[OLMES]

[215] Note marginale :/Marginal note:
Seen by Prime Minister. H.B. R[obinson]

200. PCO

Extrait des conclusions du Cabinet[216]

Extract from Cabinet Conclusions[216]

SECRET [Ottawa], August 26, 1959

. . .

AIR DEFENCE EXERCISE — OPERATION SKYHAWK

9. *The Prime Minister* enquired how it was that a major air defence exercise involving the grounding of civil aircraft had been approved without a Cabinet decision.

10. *The Minister of National Defence* reported that the U.S. Secretary of Defence, Mr. McElroy, had mentioned to him on August 11th that SAC Command and NORAD had been planning for some time to hold an exercise on October 4th to test the whole air defence warning and control system, with a view to determining how vulnerable it was to U.S.S.R. jamming operations. He said that two days previously U.S. officers had discussed details of the exercise with him. He had made it clear to them that no government approval had been given to the proposed exercise. They had appeared surprised that he could not give this approval.

He thought that the exercise was a reasonable one. It would, however, require the grounding of all civil aircraft for a 6 hour period on the day of the exercise. The Minister of Transport had agreed to this on the grounds of safety. Planning of the exercise had begun in January and it had only recently been decided that it would be necessary to ground all civil aircraft for a number of hours. International airline flights bound for Canadian airports would have to be told to delay their arrival on the day of the exercise.

11. *During the discussion* the following points were raised:

(a) There was a great deal of concern over the fact that military planners had taken so long to inform civil authorities about the impending exercise. They were assuming too much authority in many fields these days. It was strange that the Senior Canadian Officer at NORAD had not told the government about the exercise. The department of External Affairs had only heard about it a few days before, through the Embassy in Washington. It was believed that President Eisenhower had been advised only a few days before.

(b) The timing of the exercise was considered particularly bad. What would be the reaction of the public to such a type of exercise at a time when greater efforts were being made to lessen world tension. They would say "this is war." What would be the reaction of Mr. Khrushchev if the exercise took place as planned on October 4th, a short while after his visit to the U.S.A.[217] He would not likely interpret it as a bona fide act and would look upon it as an attempt to show the iron fist. The date of the exercise had apparently been set before the Khrushchev visit had been arranged. This type of exercise was bound to take place at some future date. Could it not be delayed until the government had had an opportunity to review the whole proposal? The reaction of the public would be more favourable if a legitimate explanation were provided.

(c) It was admitted that it would be impractical to restrict the area of the exercise within the boundaries of the U.S.A. The warning system was situated largely within Canada and Canadian participation was essential. It could not be tested piecemeal.

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[216] Pour une liste des participants à cette rencontre, voir le document 179.
See Document 179 for a list of attendees at this meeting.

[217] Le premier ministre Khrouchtchev s'est rendu aux États-Unis du 19 au 27 septembre 1959.
Premier Khrushchev visited the United States from September 19-27, 1959.

(d) The U.S. authorities should be told, through diplomatic and not military channels, that the holding of the proposed air defence exercise at the present time was totally inappropriate and provocative and not compatible with the spirit of the forthcoming Eisenhower-Khrushchev talks.

12. *The Cabinet* agreed that the Department of External Affairs inform the U.S. State Department that this was not an appropriate time to carry out the "Skyhawk" air defence exercise.

. . .

201. DEA/50309-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM DL-684 Ottawa, August 27, 1959

SECRET. EMERGENCY.

Reference: Our Tel DL-683 of Aug 27.†
Repeat CCOS (Information).

NORAD OPERATION SKYHAWK

Following is the text of the memorandum approved by the Cabinet:[218] Begins:

The Canadian Government has examined the proposal by NORAD for Operation Skyhawk. It is the opinion of the Government that this is not an appropriate exercise to be held at this time. Although defence exercises are accepted features of NORAD activities, Operation Skyhawk cannot be considered a routine exercise, and, in the view of the government, would not be so considered by the public. The fact that it would cause an unusual interference with public transport would attract widespread attention and would be looked upon, regardless of official explanations to the contrary, as having been inspired by extraordinary circumstances. At a time when a supreme effort is being made to explore the possibilities of negotiation with the Soviet Union, it is particularly important that no step be taken which might conceivably interfere with the prospects of even limited success in that endeavour. Despite the arguments for Operation Skyhawk on defence grounds, we must consider the interpretation that would be placed on it by our own people and by other countries. We cannot avoid the conclusion that it would be looked upon, at this time, in many important quarters, as a gesture which might cast doubt upon the sincerity of our side in seeking peaceful solutions.

2. Under these circumstances the Canadian Government feels that it is necessary to withhold its approval of this exercise being held at this time, without precluding reconsideration at a later date. Ends.

[218] Le Cabinet a approuvé le mémoire le 27 août 1959; il a été remis au département d'État le 28 août. Cabinet approved this memorandum on August 27, 1959; it was delivered to the State Department on August 28.

202. DEA/50309-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2088 Washington, August 28, 1959

SECRET. OPIMMEDIATE.
Reference: My Tel 2087 Aug 28.†

OPERATION SKYHAWK

This afternoon the Acting Secretary of State, Douglas Dillon, who had just returned to the city at noon today, raised with me again in serious terms the concern felt by the USA upon receipt of our memorandum about Skyhawk. He repeated to me much of the argument made by Kohler this noon and reported in my reference telegram. He went on to say that, if the USA authorities had been aware earlier of Canadian anxieties, either the Secretary of Defense or he himself (Dillon) would have gone to Ottawa to see you and the Prime Minister and explain personally the importance the USA attached to proceeding with the exercise.

2. I repeated the principal observations which I had made to Kohler and said that it seemed to me that the problem was essentially whether on the one hand to proceed with the exercise at the time planned would enhance (or at least not repeat not damage) the prospects of success in the President's discussions with the Soviet leader or whether, as the Canadian memorandum suggested, the launching of Skyhawk in October would prejudice such possibilities as existed.

3. Dillon replied by saying that, in the considered USA view, it would be a serious mistake to postpone or cancel the proposed exercise for the reasons suggested. There were some things which should not repeat not be done at such times and which would be regarded by the Soviets as provocative. Skyhawk was not repeat not in this category. It was a proper defensive exercise. Further (and Dillon emphasized this) if it were to be cancelled or postponed now (because of the numbers of people who knew of the plans), it would certainly become known to the USSR and to the public — and, more serious still, that such action had been taken at the instance of Canada and as a result of difference between Ottawa and Washington.

4. Finally, Dillon asked whether there was anything further he could do as Acting Secretary of State to impress upon the Canadian authorities the importance and urgency which the USA attached to this matter. I said that he could rest assured that the Canadian Government regarded the matter seriously. I would report immediately to you and would let him know the result of further consideration by the government as soon as possible.

[A.D.P.] HEENEY

203. DEA/50309-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2091 Washington, August 30, 1959

SECRET. OPIMMEDIATE.
Reference: My Tel 2088 Aug 28.

OPERATION SKYHAWK

Following for delivery first thing Monday morning August 31 to Prime Minister, Minister, Under-Secretary (or Acting Under-Secretary) and Secretary to the Cabinet only repeat only:

1. So far as I know, there have been no repeat no developments at this end since I spoke last evening on the phone to the Prime Minister, nor have I been in touch today with USA authorities. We await such word as may come through the USA Ambassador after his talk yesterday afternoon with Mr. Diefenbaker.[219]

2. Meantime, as you will readily understand, I have been giving pretty anxious thought to the implications of this unfortunate affair for relations between the two governments and countries.

3. It seems to me important that we should distinguish clearly between the substance of the matter and the procedure which was followed in regard to consultation between authorities of the two governments.

4. The substance is the advisability or otherwise of carrying out at this time (October) a large defence exercise which would involve not repeat not only elements of the USA Strategic Air Command and defensive air forces of the two countries but also extensive interruption of civil air traffic, all of which would become public knowledge. The USA Government are of opinion that it would be a serious mistake at this stage to cancel or postpone the exercise which is purely (and obviously they contend) defensive in purpose. They take the attitude that, far from prejudicing the present diplomatic initiatives of the West, in which President Eisenhower is taking the lead, the conduct of such an operation will actually strengthen the Western negotiating position. They go on to say that if, on the other hand, the exercise is called off, the position of the Western representatives will be materially weakened. When, in addition, they continue, it becomes known, as it will inevitably, that arrangements for the exercise have been cancelled or deferred because of a difference between Washington and Ottawa, only the Soviets, who thrive on division between allies, stand to profit.

5. The position of the Canadian Government, as I understand it, is quite opposite. We contend that for the USA and Canada to launch an exercise of this magnitude and character, at this time, when great efforts are being made by the West to bring the Russians to genuine discussions and negotiations — between Mr. Khrushchev's visit to North America and the President's trip to the USSR — will tend to poison the diplomatic atmosphere, confirm Soviet suspicions of Western good faith and destroy almost at birth the hopes we all share for eventual political settlements. We draw particular attention to the suspension of civil air flights for the period of the exercise and the opportunity it will afford for highly coloured publicity.

[219] Voir le document suivant./See next document.

6. So much for the substance, upon which there is a clear difference of opinion between the two governments.

7. The matter of procedure has tended, I think, to obscure the substantial question and raise the temperature on both sides. The USA authorities, as I understand it, feel that, if we hold this \ opinion, we should have expressed it to them long since. Skyhawk, they contend, has been in the joint "works" for six months. Plans for it originated in the joint USA-Canada command (NORAD) and were communicated through the agreed channel to Ottawa long since. They do not repeat not feel they are to blame if these plans were not repeat not put to appropriate Canadian authority at an earlier stage. Finally, it is simply not repeat not practicable to reverse the arrangements now without the grave results already described because so many people have had to be put in the picture, notably the air transport association and domestic and foreign airlines.

8. On the other hand, you take the position on the point of procedure, that whatever was intended, the Prime Minister and the Cabinet in fact had very short notice of what had been planned and that, in any event, the public consequences of proceeding with Skyhawk, in our judgment, would be so serious that the Canadian Government cannot repeat not assent thereto — at least in the form it is proposed by the USA.

9. The Prime Minister told me last evening that his chief objection was the interruption of civil air traffic involved and the consequential publicity. He had said this to the USA Ambassador and had suggested that the USA authorities explore the possibility of eliminating this feature; if this could be done, I understood Mr. Diefenbaker to imply, the Canadian Government would be willing to reconsider the situation. I understand that Wigglesworth is now following up this suggestion urgently with Washington.

10. From the point of view of our relations generally with the USA, I earnestly hope that some modified proposal can be worked out to which we will be able to consent. In this matter USA authorities feel strongly not repeat not only that they are right on the substance, which of course is arguable, but also that, on procedure, they have adhered to the letter and spirit of our joint arrangements. They are also genuinely concerned at the prospect of an open breach between us, particularly at this time when they are bending every effort to move into real discussions with the USSR and keep the western alliance together.

11. I have analysed the problem at this length and in this way, because I am seriously worried at what seem to me to be the grave short and long term consequences which may be involved for our relations with the USA if no repeat no accommodation of these differences can be worked out.

[A.D.P.] HEENEY

204. DEA/50309-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET [Ottawa], August 31, 1959

OPERATION SKYHAWK

The United States Ambassador saw the Prime Minister at 3:00 p.m. on August 29 at 24 Sussex Street. The conversation lasted for two hours.

On the basis of information received from the Prime Minister and Mr. Bryce, the following were the main points of the Prime Minister's conversation with the United States Ambassador.

The Prime Minister said that he had had a very satisfactory talk with Mr. Wigglesworth. The latter had conveyed the feeling of alarm ("mad as hell") in Washington and had reviewed the events leading up to the most recent exchanges. Operation Skyhawk had not been the subject of high level consultation in the early stages because it had been regarded as a routine exercise, the planning of which was a proper function of NORAD. (The Prime Minister had questioned the routine nature of a plan which involved the suspension of civil air traffic in the United States and Canada). The Ambassador had reminded the Prime Minister that Canadian officers had for the past six months participated in planning of Operation Skyhawk. In addition, Mr. Wigglesworth had referred to the consultations stretching back, he said, into mid-July between the respective transport authorities as an indication that the responsible Canadian officials had for several weeks been aware of the civil air aspect of the plan. Originally, according to Mr. Wigglesworth, the operation had been scheduled for August (Mr. Heeney's message 2087 says September) but the President had felt that in view of the progress of exchanges with the Soviet leaders there should be a postponement until early October. The President's approval had been given on August 5, and on August 11 Mr. McElroy had informed Mr. Pearkes. I understand that against this background Mr. Wigglesworth had complained at the failure of the Canadian Government to consult with the United States before sending the communication transmitted by Mr. Heeney on August 28.

Mr. Wigglesworth had gone on to emphasize the dangers of a show of disunity between Canada and the United States on this issue. The President, facing an important series of discussions with the Russians and others, needed all the support he could get at this stage.

The Prime Minister said that in replying to the Ambassador's request that the Canadian Government reconsider its position and give its approval to Operation Skyhawk, he had reviewed the Government's point of view in some detail, with particular reference to the political arguments against proceeding with the exercise at the time suggested and to the issue of consultation between governments on matters of defence policy affecting both countries. The Prime Minister told the Ambassador that, while what he said was subject to final decision by the Cabinet, it could not be expected that there would be a change in the Government's position if the United States authorities maintained the necessity of closing down civil air traffic. Public opinion in Canada would not understand the need for extraordinary measures of that kind. The Prime Minister agreed, however, that the Ambassador might refer to his Government the possibility of proceeding with the exercise without closing the airports. I understood the Prime Minister to say that if the exercise were to be modified in this way, the Government would be prepared to reconsider its position. The Ambassador said that he would call the President on this basis.

H.B. ROBINSON

205. DEA/50309-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET [Ottawa], August 31, 1959

OPERATION SKYHAWK

By arrangement with Mr. Holmes, Mr. Bryce saw the Prime Minister at 11:30 a.m. on Saturday, August 29, and showed him Washington telegrams 2087† and 2088 reporting the United States reaction to the Canadian views conveyed to the State Department by Mr. Heeney on August 28. The contents of these messages had already been given on the phone by Mr. Heeney to the Minister.

On reading Mr. Heeney's reports, the Prime Minister reiterated emphatically his view that to carry through Operation Skyhawk as planned would be a mistake. He based his objections mainly on grounds of timing in relation to the Khrushchev-Eisenhower talks. Mr. Bryce pointed out that the United States decision to proceed with the exercise early in October had been carefully calculated and that the United States authorities had no doubt that a purely defence exercise of this kind was advisable in the context of the Khrushchev-Eisenhower exchanges. The Prime Minister said he appreciated that there was a difference of opinion on this point. He maintained, however, that Canadian public opinion would not understand why at such a time it was judged necessary to launch an exercise involving such an extraordinary measure as the suspension of all civil air traffic. He thought that despite the Washington reaction there would be no change in the Canadian Government's refusal to consent to this aspect of the exercise.

Mr. Bryce drew attention to the unfortunate impression which would be created if Canadian-United States differences on this issue became known through a leak to the press. The Prime Minister took the position that, much as he would deplore a public disagreement with the Americans, he would have no alternative in the event of a leak but to explain the Government's stand, which he was sure would be widely endorsed in Canada.

The Prime Minister was critical of the United States Government for its failure to enter into earlier consultation on a ministerial level with the Canadian Government. Mr. Bryce pointed out that Canadian representatives had participated in earlier planning of the exercise. The Prime Minister recognized this, but made it clear that he regarded Operation Skyhawk as an illustration of a tendency on the part of military officers to assert authority in a field where the real authority and responsibility properly lay with the civil government. He expressed concern that the scope of the exercise had not been drawn much earlier to the attraction of Ministers or even to the Chief of the Air Staff.

H.B. ROBINSON

206. DEA/50309-40

Note de l'adjoint spécial au secrétaire d'État aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Special Assistant to Secretary of State for External Affairs to Under-Secretary of State for External Affairs

SECRET [Ottawa], August 31, 1959

OPERATION SKYHAWK

I showed the Prime Minister today Mr. Heeney's telegram No. 2091 of August 30 from Washington analyzing the present stage of the issue over Operation Skyhawk. The Prime Minister read the telegram carefully and commented favourably on it. In subsequent conversation he agreed that on the issue of consultation and procedure, the blame lay with the Canadian side. I understood the Prime Minister to say that there was no point in discussing this aspect further with the Americans. With regard to the advisability of proceeding at this time with the Operation, the Prime Minister said that he was still convinced that the United States authorities were ill-advised to go ahead. He was determined not to have Canada "put on the tail of the United States" in a scheme of such questionable wisdom.

The Prime Minister said he had not heard from Mr. Pearkes as to the feasibility of the compromise arrangement which had emerged from his talk with the United States Ambassador on August 29. His mind was not running to other alternative solutions.

H.R. ROBINSON

207. DEA/50309-40

L'ambassadeur des États-Unis au premier ministre

Ambassador of United States to Prime Minister

TOP SECRET Ottawa, September 2, 1959

Dear Mr. Prime Minister:

I have been requested to convey to you the text of the following letter, received by telegram today, which is being sent to you by President Eisenhower:

"September 1, 1959

Dear John:

Since leaving Washington I learned of the decision of your Government to withhold its approval for the Air Defense Exercise known as SKYHAWK which had been scheduled for early next month. As I am sure you have been told, I personally reviewed and approved the military training plans last month before the formal approval of the Canadian Government was requested. It seems to me of great importance to both of us that the defences of our continent should be maintained in good order. The purpose of exercises such as SKYHAWK is to give ourselves realistic assurance on this score. I do not myself see anything provocative in such a

defensive exercise, and from the point of view of my coming talks with Mr. Khrushchev, they should have no adverse effect. Indeed, the knowledge on his part and ours that we are determined and able to resist an attack certainly tends to provide an essential foundation for serious and, I hope, productive discussions.

I do hope, therefore, that you will again consider your decision in the light of these thoughts.

With warm regard,
Sincerely,
Ike"

With best regards,
Sincerely,
RICHARD B. WIGGLESWORTH

208. DEA/50309-D-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM DL-126 Ottawa, September 7, 1959

SECRET. OPIMMEDIATE.

OPERATION "SKYHAWK"

Reproduced below is text of letter sent by Mr. Green to USA Ambassador at noon yesterday. We quote also for the record and in confirmation of our telephone conversation text of revised press contingency statements as approved.[220] Begins:

"(a) Dear Mr. Ambassador,

The Prime Minister, on his return from the West, asked me to give you at once the following personal message for President Eisenhower in reply to his personal message to the Prime Minister:

'Dear Ike, I thank you for your personal message in regard to the proposed NORAD exercise "Skyhawk". I immediately took it up with my colleagues in the Cabinet and we gave it full and extensive consideration. That afternoon I asked our Secretary of State for External Affairs to inform your Ambassador that we felt unable to alter the conclusion we had reached earlier that it would be unwise to proceed with the exercise.

Mr. Green explained to Ambassador Wigglesworth, as I had previously, our deep concern over the possibility that an exercise carried out at the particular time and on the scale planned would lead to a widespread assumption that it had been inspired by extraordinary circumstances and that public opinion in Canada would become unduly alarmed and find it difficult to understand the need for carrying out a military exercise requiring the grounding of all civil aircraft at a time when, as a result of your initiative in exchanging visits with Mr. Khrushchev, there is an expectation of some improvement in East-West relations. My colleagues and I are also very much concerned that the true purpose of the exercise would be misinterpreted by the

[220] Le Cabinet a approuvé le texte de la lettre et la déclaration à la presse le 6 septembre 1959.
Cabinet approved the text of the letter and the press statements on September 6, 1959.

Soviet Government in such a way as to set in motion a chain reaction of moves and countermoves, or viewed by the Soviet leaders at this particular juncture as a means of exerting pressure.

It was with these considerations in mind, Mr. President, that I suggested that your military advisers might consider how the exercise could be modified so as to avoid the need to disrupt civil air traffic over North America. While fully realizing the importance of maintaining strong and efficient defences, the foregoing considerations impel me to ask that you will entertain this suggestion favourably. With warm regards, John.'

Yours sincerely, (signed) Howard Green"

(b) Contingency statements for use only in response to press queries on exercise "Skyhawk"

(1) *General Question re a Joint Exercise.* "Each year NORAD and SAC conduct combined training exercises. These culminate in a fairly large exercise which is usually scheduled at the time best suited to the participants after consideration of their training, operational and other requirements. Although SAC and NORAD have been planning such an exercise for some time this planning is, at present, incomplete and the scope and timing have not repeat not been determined."

(2) *Question of USA-Canadian Approval.* "Discussions are being held between Canadian and USA authorities regarding an exercise involving Canadian and USA forces assigned to the North American Air Defence Command and forces of the USA Strategic Air Command. Decisions have not repeat not yet been reached on the scope or time period during which this exercise will be scheduled."

(3) Question of Informing Air Carriers.

Question: We understand that the Air Transport Association of America was informed of details of a joint exercise in which commercial aviation might be affected, but that later the information they received was rescinded. What about that; doesn't it mean some kind of disagreement has caused a postponement?

Answer: The Air Transport Association of America has been informed of NORAD plans for a possible NORAD-SAC air defense exercise. Since such an exercise, if eventually carried out, would involve large airforce flight movements, the safety of commercial aircraft is an important consideration and would require careful coordination. However, ATA was never advised that the exercise would take place on a given date because no final decision has been reached with respect to the scope and timing of such an operation. Ends.

209. DEA/50309-D-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], September 10, 1959

EXERCISE "SKYHAWK"

Mr. Heeney telephoned from Washington this afternoon to say that he had learned through the "military net" (that is, not formally from the State Department) that a decision had been taken to postpone the exercise *sine die*. From the same source he understands, however, that two possible alternative dates for the exercise may be under consideration — March or October 1960. It is apparently fully understood in military circles that any such alternative dates will

have to be weighed most carefully in the light of prevailing circumstances as the time approaches.

The Ambassador stated that there was no atmosphere of recrimination or bitterness as a result of Canada's stand on this matter and that our point of view appeared to have been accepted with remarkably good grace. That was not to say, he added, that our action had not left its mark in the minds of those Americans concerned.[221]

[HOWARD GREEN]

210. J.G.D./XII/A/232

L'ambassadeur des États-Unis
au premier ministre

Ambassador of United States
to Prime Minister

SECRET Ottawa, September 16, 1959

Dear Mr. Prime Minister:

I have been instructed by my government to deliver to you the following advance text of a letter from the President of the United States.

"The White House

September 15, 1959

Dear John:

On receiving your message of September 6 concerning the projected air defense exercise Skyhawk, I asked for an urgent report on the possibility of modifying it along the lines you suggested. My advisers have indicated there would be little purpose or value in an exercise modified to confine its scope to the air space of the United States alone, or, alternatively, to limit it so as to avoid the grounding of civil aircraft.

The possibilities were apparently examined by the military authorities of our two countries when the exercise was being planned and developed. In light of this, I have felt obliged to accept the cancellation of this exercise.

There is little I can add to my former message regarding this exercise and similar test and training activities. I am informed that, because of the multiplicity of factors to be coordinated, it will be at least several months before an exercise of this type could be rescheduled, but I believe it is important that our two governments, through appropriate representatives, consider

[221] Notes marginales :/Marginal notes:
As soon as definite please tell PM so he can phone President [Howard Green]
Mr. Heeney has been informed of Minister's notation. 11.9.59 [N.A.] R[obertson]
Note Sept 16: P.M. received attached letter from President today and indicated that he would telephone the President shortly. H.B. R[obinson]

together the anticipated political and psychological results of such an exercise. I think that our combined military staffs are convinced of its value and even of its necessity. Should the governments agree on this future need, the exercise, I understand, would again be planned by the integrated United States-Canada staff of NORAD.

I hope at such later time arrangements satisfactory to us both can be made.

With warm regard,

Sincerely,

Ike"

Sincerely yours,

RICHARD B. WIGGLESWORTH

211. DEA/50309-D-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2266 Washington, September 22, 1959

SECRET. OPIMMEDIATE.

Reference: Our Tel 2263 Sep 22.†
Repeat Permis New York (for Minister) (Information).

OPERATION SKYHAWK

Following for Under-Secretary.

The Minister called upon the Secretary of State by invitation in New York yesterday afternoon. Ritchie and I accompanied him. No repeat no doubt Ritchie will be sending a message concerning the other subjects of conversation (the Khrushchev visit, prospect for further East-West conversations and Laos among them). This telegram is confined to the Skyhawk experience to which Mr. Herter alluded toward the end of yesterday's chat.

2. The Secretary expressed regret that the views of the two governments had diverged over the necessity and wisdom of the exercise. He realized that the matter had come before the Prime Minister and Mr. Green only at a very late stage. USA authorities had assumed that, through the joint military machinery, it would have been raised to the appropriate level much earlier. Now they were anxious to review the joint mechanism and improve it so as to avoid the same unfortunate thing happening again.

3. The Minister agreed that the time element had been a factor in the Canadian Government's reaction. He mentioned particularly the distasteful press release which had been set for publication within a few days. He reminded Mr. Herter that, as indicated in our Note,[222] Canadian ministers had felt that it would be a serious mistake to proceed with such a considerable exercise, involving the grounding of civil aircraft, at the time proposed when critical talks with the USSR were going on and further discussions were anticipated. True, there had been procedural failures. For these he was not repeat not blaming the USA and there had been fault on our side in this aspect of the affair. There was also, however, the marked difference in

[222] Voir/See Document 201.

judgment between Ottawa and Washington as to the international and domestic consequences of going ahead. Mr. Green agreed with Mr. Herter that we should seek means of profiting from this experience and ensuring in such matters prompt and sufficient consultation at the top level.

4. The Minister emphasized that, while the Canadian Government had differed from the USA in the Skyhawk affair, this did not repeat not indicate or imply any change in fundamental Canadian policy, a recent Washington newspaper story to the contrary notwithstanding. He wished Mr. Herter and the USA authorities to be quite clear on this point.

5. The Secretary expressed appreciation of what the Minister had said. He said that he hoped that, when the matter of rescheduling the exercise arose, the Canadian authorities would consider the matter carefully and in good time. In this connection Mr. Herter spoke of possible "modification" of the earlier proposals and mentioned again the importance the USA attached to the firm maintenance and development of our common defences.

6. We then went on to discuss dates for a Ministerial Defence Committee meeting (my reference telegram), agreeing that on both sides we should give thought to improving means of consultation in such matters as defence exercise so as to afford full and sufficient opportunities for frank exchanges of view. Livingston Merchant, the Deputy Under-Secretary of State, who was present, may be expected to follow this matter up with me here shortly. It is therefore all the more important that we should have our own views in shape as promptly as possible.

[A.D.P.] HEENEY

212. PCO/C-20-9(a)-D

Note du ministère d'État aux Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum by Department of External Affairs to Cabinet Defence Committee

CDC DOCUMENT NO. D-23-59 [Ottawa], October 29, 1959

SECRET

EXERCISE "SKYHAWK"

Among the subjects which may arise at the forthcoming meeting of the Canada-United States Committee on Joint Defence is the request which has been received from CINCNORAD for agreement in principle to re-schedule exercise "Skyhawk" in September, 1960. The text of the letter addressed to the Chief of Air Staff by General Kuter dated October 13 formed Appendix "A" of the Memorandum dated October 21 submitted by the Minister of National Defence to the Cabinet Defence Committee (Cabinet Defence Committee Document D13-59).† It will be noted that CINCNORAD's letter envisages "Skyhawk" being held essentially along the same lines as the exercise scheduled for last September and that as on that occasion there would be "unrestricted use of ECM (Electronic Counter Measures) and the corollary grounding of all civil and non-essential military air traffic for a limited time period."

CINCNORAD has undoubtedly forwarded this request for approval in principle at this time in order that the vast amount of planning which must be done in advance may be begun and to make provision for the considerable sums of money which must be expended in connection with preparations and the exercise itself. Ministers will, therefore, soon have to decide whether "Skyhawk" should be re-scheduled again for next year.

Also attached to the submission of the Minister of National Defence referred to above is a paper explaining why from the military point of view large scale exercises such as "Skyhawk"

are necessary if NORAD forces are to be adequately trained for maximum efficiency in the event of an emergency.

It will be recalled that last September the Government believed that there were two main reasons why "Skyhawk" should not have been held at that time. The first was that public opinion in Canada might have become unduly alarmed and found it difficult to understand the need for carrying out a military exercise requiring the grounding of all civil aircraft. The second, which flowed from the first, related to the timing of the exercise as it was to follow soon after Khrushchev's visit to the United States and the prospect which his exchange of visits with President Eisenhower seemed to open up for an improvement in East-West relations. It will also be recalled that the Prime Minister had suggested to the United States Ambassador that consideration be given to modifying "Skyhawk" so as to avoid the need to disrupt civil air traffic over North America. The military authorities of both countries followed up this suggestion and considered other alternatives as well but came to the conclusion that it would be preferable to postpone the exercise altogether rather than to modify it as its essential purposes could not be achieved unless it were held as planned.

We would recommend that the United States authorities be informed that in principle would be willing to see "Skyhawk" re-scheduled for next September. We are inclined to believe that failure to do so could have serious repercussions on relations between Canada and the United States. The present integrated state of our air defences with those of the United States, the role played by NORAD in the protection of the West's principal strategic retaliatory force and the general support the Canadian Government gives to the strategy of the deterrent would make a negative decision on our part difficult to understand by the United States. This recommendation is based, however, on the assumption that every precaution will be taken to prevent any misunderstanding on the part of the Soviet Union as to the real purpose and nature of the exercise. Equally important, it seems to us, is that the Government's military advisers be able to demonstrate the need to hold an exercise of the magnitude presently contemplated and consider the practicability of carrying it out on a phased or regional basis without sacrificing its essential purposes.

213. PCO/C-20-9(a)-M

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense[223]

Extract from Minutes of Meeting of Cabinet Defence Committee[223]

SECRET [Ottawa], November 5, 1959

. . .

IV. STAGING OF LARGE-SCALE AIR DEFENCE EXERCISES

15. *The Minister of National Defence* said that the Commander-in-Chief, NORAD, had requested agreement in principle for the staging of an air defence exercise similar to Skyhawk in September, 1960. He recommended, on the advice of the Chiefs of Staff, that consideration be given to this request, and he set out the military requirements for the holding of such exercises.

[223] Pour une liste des participants à la rencontre, voir le document 187.
See Document 187 for a list of attendees at this meeting.

16. *Mr. Pearkes* added that the Department of External Affairs recommended that the request be approved. However, this recommendation was based on the assumption that every precaution would be taken to prevent any misunderstanding on the part of the Soviet Union as to the real purpose and nature of the exercise. External Affairs also felt that the military authorities should be able to demonstrate the need to hold an exercise of the magnitude contemplated. It might consider carrying one out on a phased or regional basis.

Explanatory memoranda had been circulated. (Minister's memorandum, Oct. 21, 1959 — Document D13-59;† Memorandum, Dept. of External Affairs, Oct. 29/59, Document D23-59).

17. *Mr. Pearkes* said he had emphasized to the Service authorities the importance of not allowing a situation similar to that which occurred over SKYHAWK last summer, to develop again. With regard to the present request, he thought that approval in principle should be given at this time to allow planning to commence, but Canada should reserve the right to review and cancel at a later date. The U.S. should, however, state the date by which it would be necessary to reach a final decision on an exercise being held in September.

A large-scale exercise such as this was necessary in order to test fully the warning systems. Radical changes were being thought of for the present radar systems but there was no point in proceeding with them unless the need to do so was established by an exercise of this nature.

18. *During the discussion* it was generally felt that planning should be proceeded with but the U.S. should understand that Canada's final decision would not be given until sometime next summer. The more notice was given of it, the less likelihood there would be of upsetting people in other parts of the world.

19. *The Committee* referred to the Cabinet the proposal of the Commander-in-Chief, NORAD, for the staging of an air defence exercise similar to SKYHAWK in September, 1960.[224]

. . .

[224] Pour l'approbation du Cabinet du projet d'organisation d'un exercise de défense aérienne semblable à celui de Skyhawk en septembre 1960, voir le document 228.
See Document 228 for Cabinet's approval of the proposal to stage an air defence exercise similar to Skyhawk in September 1960.

SECTION D

NORAD

SUBDIVISION I/SUB-SECTION I

ÉTATS DE PRÉPARATION
STATES OF READINESS

214. J.G.D./XII/F/335

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], April 24, 1959

NORAD — INCREASED STATE OF READINESS

The United States has proposed that the Commander-in-Chief of NORAD be given advance authority to place his forces in a state of increased operational readiness in the event of an increase in East-West tensions arising out of denial of Western access to Berlin. This request has so far been received only though military channels, but it is expected that a similar approach will be made momentarily by the State Department.

Since it seems likely that there will be an increase in international tension, in the event the West is denied access to West Berlin, the placing of NORAD's forces in a state of increased operational readiness would be a normal and reasonable precaution in such circumstances. It is our understanding that "increased operational readiness" is the lowest degree of preparedness beyond normal readiness and does not involve measures affecting the civilian population. Moreover, since the measures relate to forces which are strictly defensive in character, they could hardly be regarded by the USSR as provocative or conducive to a further deterioration in the international atmosphere.

Our main objection to the United States proposal is that it appears to leave it to CINCNORAD to decide when and in what circumstances there has been an increase in international tension resulting from denial of access to Berlin, which would warrant an increased state of preparedness in North America. While it would seem reasonable for CINCNORAD to take such precautionary measures in the event of increased tension, the assessment as to what constitutes "increased international tension resulting from denial of access" should be a matter of political decision by the governments concerned.

We are also of the opinion that if the United States authorities contemplate that similar action will eventually be taken by SACEUR in Europe, it might be desirable to have the increased measures of readiness in North America coincide with those taken in the NATO context.

In view of the considerations outlined above, I would recommend that we advise the United States that:

(a) The placing of NORAD's forces in a state of increased operational readiness would be a reasonable and necessary precautionary measure in the event of an increase in international tension arising out of denial of Western access to Berlin;

(b) the question of determining when the conditions warranted such action by CINCNORAD would be a matter for the decision of the two governments, in the light of all the information available at the time;

(c) instructions to NORAD be prepared by both governments for immediate despatch, once a joint decision is taken regarding the existence of "increased international tension resulting from denial of access to Berlin;"

(d) we would be interested to learn whether they have given any thought as to what measures might be instituted in the NATO context and whether such measures would coincide with the increased preparedness in North America.[225]

N.A. R[OBERTSON]

215. DEA/50309-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1054 Washington, May 1, 1959

TOP SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.
Reference: Our Tel 1042 Apr 30.†

NORAD — INCREASED READINESS

As mentioned in our reference telegram we called on Kohler, Deputy Assistant Secretary of the Bureau of European Affairs, at his request, and were handed an aide mémoire "urging the Canadian Government to give early concurrence to increasing the operational readiness of NORAD forces at such time as access to Berlin may be denied to Western Powers."

2. By way of background, Kohler recalled the briefing we had been given on Berlin contingency planning (our telegram 486 February 28).† As you know two phases are contemplated. The first would begin upon a relinquishment by the Soviets of their functions to the GDR. It contemplates a probing of intentions, e.g., by the sending of a convoy over the autobahn accompanied by a scout car; if passage were obstructed in any way the convoy would withdraw and await further orders. During this first phase, that is to say upon transfer of functions from the USSR to the GDR, the Western Powers would continue their efforts to get into negotiation with the Soviet Union on the German problem, including the problem of Berlin. Certain measures would be taken simultaneously to increase combat readiness in Berlin and in West Germany; these would not repeat not be public, although they would undoubtedly become known to Soviet Intelligence. In the second phase, i.e., in the event of obstruction being encountered, two concurrent sets of action would be taken. In the political area, it is contemplated that there would be prompt reference to the UN, and direct diplomatic representations to the Soviet Government. Efforts would also be made to mobilize public

[225] Note marginale :/Marginal note:
Note Prime Minister said he entirely agreed H.B. R[obinson] April 28, 1959.

opinion behind the Western position and overt measures would be set on foot to increase military readiness in Berlin and West Germany. Governmental decision would be required at this stage as to when, where and how much more force should be used to deal with the obstructtion interposed. In other words it is contemplated that there would be an important period of evaluation between Phase 1 and Phase 2 of the Plan.

3. During the second phase, Kohler thought that, in the interests of peaceful settlement, it would be necessary to impress upon the Soviet Union the seriousness with which the West viewed the situation. He thought the measures of readiness contemplated would emphasize this. It is the USA Government's view that these measures should extend to NORAD. As summed up by Kohler, there were "clouds on the horizon" and the military must be in a position to put into effect promptly appropriate plans should the situation require it.

4. Kohler mentioned that procedures were being drawn up by SACEUR concerning the autobahn, the railways and the air corridors to Berlin and that SACEUR is now authorized to increase the state of readiness of forces under his command. He recalled that there had been a report on contingency planning to the recent NATO Council Meeting in Washington. He added that, if the Foreign Ministers Conference "sours," provision had been made for such matters as cancelling leave and moving required personnel to check points in the vicinity of the Autobahn. So far, SACEUR's action did not repeat not involve much more than increased training.

5. Although it was not repeat not entirely clear from our conversation, our understanding is that CINCNORAD's increased state of readiness would be included in the second stage of contingency planning, i.e., it would follow an allied probing of intention in the event that the Soviets hand over to the East Germans. We had asked whether it would be possible to make more precise the conditions upon which CINCNORAD would be authorized to increase his state of readiness. Kohler said that it was difficult to define these conditions exactly at present but he said that France, the UK and the USA had agreed that, if the GDR replaces the Soviets and requires submission to unacceptable procedures, this could constitute denial of access. The intention is, we understand, that CINCNORAD should be authorized to declare an increased state of readiness at this point, that is after the probing of intentions had demonstrated, and it had been determined, that there was a denial of access to Berlin (see paragraph 6 our telegram 486 February 28). We believe, however, that this point should be clarified.

6. Kohler agreed with us that political as well as military judgment would be involved in determining at the time whether there had been a denial of access in Berlin. In other words, we are asked to agree now, within the broad framework of contingency planning, that CINCNORAD should be authorized, in the event of Western access to Berlin being denied and subject to an appropriate determination of this fact, to increase his state of readiness. We believe that this should involve our being provided with an up to date indication concerning Berlin contingency planning so that we may be as nearly abreast of the situation as is possible. It should, we think, involve our being informed in some manner of any situation which may be construed as a denial of access. This could be done by the USA or by the Three Powers responsible for West Berlin or it could be done through the NATO Council.

[A.D.P.] HEENEY

216. PCO/C-20-9(a)-D

Note du secrétaire d'État aux Affaires extérieures pour le Comité du Cabinet sur la défense

Memorandum from Secretary of State for External Affairs to Cabinet Defence Committee

CDC DOCUMENT NO. D-7-59 [Ottawa], June 26, 1959

SECRET

NORAD — INCREASED STATES OF MILITARY READINESS

Paragraph 10(i) of CINCNORAD's Terms of Reference states that he will "specify the conditions of combat readiness, to include states of alert, to be maintained by all forces assigned" and paragraph 10(j) states that he will also "determine and announce conditions of air defence warning."

2. During the Middle East crisis last summer CINCNORAD requested authority to increase his state of readiness and this was granted on condition that there be no publicity. Some embarrassment to the government followed when this move became known. The Cabinet Defence Committee discussed this question on December 8, 1958, prior to it being taken up with United States Ministers at the meeting in Paris of the Canadian/United States Committee on Joint Defence. At that meeting agreement was reached in principle that in periods of international tension there should be appropriate consultations between the two Governments in both the diplomatic and military channels.

3. With a view to formalizing this agreement, a draft letter to be addressed to the United States Secretary of State by the Canadian Ambassador in Washington was submitted to the State Department. Comments have now been received on this draft and a copy of the letter incurporating the United States suggestions is attached.

4. The principal problem arises in connection with numbered paragraphs one and two. The formula proposed in the Canadian draft was that, on his own authority, CINCNORAD could increase his state of readiness for purposes of training his Command and in circumstances of indications of an impending attack on North America, including an unacceptable number of unidentified aircraft in the warning system. In all other circumstances, and particularly in a period of international tension, he could only increase his state of readiness with the approval of both Governments as a consequence of consultation undertaken in both the diplomatic and military channels. The United States authorities believe that this formula would prove unacceptedly restrictive in that it would deny CINCNORAD the ready means for keeping his forces in an appropriate state of readiness in situations other than those involving training exercises or emergency actions.

5. The State Department have, therefore, proposed a different formula: that CINCNORAD be authorized to increase the operational readiness of his Command in all circumstances except periods of international tension; that as in such periods CINCNORAD will not be in a position to assess all the political factors available to both Governments, time permitting, it would be the responsibility of the Chiefs of Staff of Canada and the United States, in consultation with their political authorities, to reach agreement on the need to increase NORAD's state of readiness; that at the same time consultation shall take place between the political authorities of both countries.

6. This formula is believed to be acceptable for the following reasons:

(a) The desire to have consultations in both the diplomatic and military channels in periods of tension has been met;

(b) The Canadian formula merely called for consultation between both Governments. The United States formula gives more precision to this term, making it clear that our respective political and military authorities would both be involved in the process of determining the need to increase NORAD's state of readiness;

(c) The Canadian formula called for consultations in all circumstances, and particularly in periods of political tension, other than for training purposes and in emergency situations. The United States formula would also give CINCNORAD full authority for training his Command and in emergency situations but in addition, he would be able to react in situations, the precise nature of which cannot be easily foreseen but which do not give rise to political considerations. In a period of political tension, however, he would have to consult with the Joint Chiefs of Staff and the Chiefs of Staff Committee who in turn would consult their political authorities (who at the same time would consult with each other). This would appear to be an acceptable and workable alternative as it makes sense to leave CINCNORAD a certain amount of latitude to take appropriate action in situations where political considerations do not arise.

7. It is recommended that the Canadian Ambassador in Washington be instructed to seek to persuade the State Department to remove the phrase "time permitting" in numbered paragraph two, even though a similar "escape clause" was included in the agreement concerning consultation prior to the declaration of a national alert. It is believed that these words are unnecessary as in a period of tension, as for example, the current Berlin situation, there would be time to consult as opposed to an emergency when there would be none.

8. It is also recommended that the Ambassador be instructed to seek to have removed the words "in reaching such agreement" in the second sentence of paragraph two. These words are essentially meaningless and only tend to confuse the point that consultation will be carried out concurrently in both the military and political channels.

[HOWARD GREEN]

[PIÈCE JOINTE/ENCLOSURE]

Projet de lettre de l'ambassadeur aux États-Unis pour le secrétaire d'État des États-Unis

Draft Letter from Ambassador in United States to Secretary of State of United States

SECRET

I refer to the Agreement reached at the Meeting in Paris on December 15, 1958, of the Canada-United States Ministerial Committee on Joint Defence that in certain circumstances there should be consultation between our two Governments through both the diplomatic and military channel prior to increasing the state of readiness of the North American Air Defence Command. The exchange of notes of May 12, 1958, establishing the North American Air Defence Command, provides for the fullest possible consultation between our two Governments on all matters affecting the joint defence of North America. My Government believes that consultation on the question of increasing the state of readiness of the North American Air Defence Command in a period of international tension is highly desirable if both Governments are to exercise the joint responsibility they have assumed for NORAD. The Canadian Government has been influenced in this belief by the knowledge that an increase in the state of readiness of forces may have political as well as military implications. Domestically, it can

give rise to concern in the public mind and internationally it can conceivably lead to a misinterpretation of our motives resulting in a series of moves and counter moves which could in themselves aggravate a particular situation.

My Government also believes that in a situation of growing international tension the Chiefs of Staff of Canada and the United States, in consultation with their respective political authorities, will be in the best position to assess the need for any increase in CINCNORAD's state of readiness and the effect which such action might have on the general situation. Moreover, as it must be assumed that any increased state of readiness declared during a period of tension is likely to become known to the public, it is desirable that any official release of information be co-ordinated in advance by the appropriate authorities of our two Governments.

Accordingly, I have been instructed by my Government to propose that the understanding between our two Governments on this subject be formalized as follows:

(1) CINCNORAD is authorized to increase the operational readiness of his forces as set forth in sub-paragraph 10 (i) of his terms of reference and pursuant to paragraph (2) below.

(2) CINCNORAD is not in a position to assess all the political factors available to both the Canadian and United States Governments; therefore, time permitting, it will be the responsibility of the Chiefs of Staff of Canada and the United States, in consultation with their respecttive political authorities, to reach agreement for increasing states of readiness of NORAD forces during periods of international tension when factors of overriding political significance are involved. In these circumstances, parallel consultations will be carried on between the political authorities of our two countries in reaching such an agreement. CINCNORAD will be provided continuously with the best information concerning the world situation to assist him in anticipating any requirements for increased or decreased NORAD operational readiness.

(3) In the event that agreement should be reached on a decision to authorize CINCNORAD to order an increase in the state of readiness of his forces as a result of such consultation, agreement will also be reached on the desirability of making any public announcement and the terms of such an announcement.

(4) The Joint Chiefs of Staff and the Chiefs of Staff Committee should be informed in advance whenever possible, of any important training exercise in order that each Government might be in a position to deal with any public comment which the exercise might occasion.

(5) If either Government considers more detailed arrangements necessary, either Government is free to make further proposals.

If the foregoing meets with the approval of your Government, I suggest that this letter and your reply thereto should constitute our present agreement on the subject, effective on the date of your reply.

217. PCO/C-20-9(a)-M

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense[227]

Extract from Minutes of Meeting of Cabinet Defence Committee[226]

TOP SECRET [Ottawa], June 27, 1959

III. NORAD INCREASED STATE OF READINESS; LIMITATION ON NORAD'S POWER FOR ORDERING INCREASED READINESS BECAUSE OF INTERNATIONAL TENSIONS

11. *The Secretary of State for External Affairs* recalled that CINCNORAD's terms of reference stated that he would "specify the conditions of combat readiness, to include states of alert, to be maintained by all forces assigned," and further that he would also "determine and announce conditions of air defence warning."

During the Middle East crisis last summer, the U.S. Chiefs of Staff requested agreement to increase NORAD's state of readiness, and this was agreed to on condition that there be no publicity. Some embarrassment followed when this move became known. Ministers concerned here had discussed this question prior to it being taken up with U.S. Ministers at the meeting in Paris of the Canada-U.S. Committee on Joint Defence last December. At that meeting it was agreed in principle that in periods of international tension there should be appropriate consultations between the two governments in both the diplomatic and military channels. With a view to formalizing this agreement, exchanges of correspondence had been held with the U.S. State Department, but one outstanding problem remained to be settled. Canada had proposed that, on his own authority, CINCNORAD could increase his state of readiness for the purposes of training his Command, and when there were indications of an impending attack on North America, including an unacceptable number of unidentified aircraft in the warning system. In all other circumstances, particularly in a period of international tension, he could only increase this state of readiness with the approval of both governments, as a consequence of consultation undertaken in both the diplomatic and military channels. The U.S. felt that this formula would be too restrictive in that it would deny CINCNORAD a ready means of keeping his forces in an appropriate state of readiness in situations other than those involving training exercises or emergency action. The State Department had therefore proposed that CINCNORAD be authorized to increase the operational readiness of his Command in all circumstances except periods of international tension; that as, in such periods, CINCNORAD would not be in a position to assess all political factors available to both governments, time permitting, it would be the responsibility of the Chiefs of Staff of Canada and the U.S., in consultation with their political authorities, to reach agreement on the need to increase NORAD's state of readiness; that at the same time consultation would take place between the political authorities of both countries. On the whole, this formula was thought to be acceptable, but he recommended that the Canadian Ambassador in Washington be instructed to persuade the State Department to remove the phrase "time permitting." It was felt that these words were unnecessary because in a period of tension, as for example the current Berlin situation, there would be time to consult as opposed to an emergency when there would be none. A further minor revision was proposed in the U.S. draft formula.

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[226] Pour la liste des participants à la rencontre, voir le document 195.
See Document 195 for a list of attendees at this meeting.

An explanatory memorandum had been circulated. (Minister's memorandum, June 26, 1959 — Document D7-59).

12. *During the discussion* it was pointed out that the U.S. attitude was related to their Pearl Harbour complex, about which all U.S. officials felt keenly. In effect, the U.S. had conceded the Canadian point. To return again would delay matters quite considerably. On the other hand, it was felt strongly that this should nevertheless be done.

13. *The Committee* approved a draft letter from the Canadian Ambassador to the U.S. Secretary of State concerning increased states of military readiness for NORAD, as prepared by the U.S. State Department, subject to the deletion of the words "time permitting" in numbered paragraph (2) of the draft and the deletion of the words "in reaching such agreement" in the second sentence of the same paragraph, and agreed that, if the United States indicated their acceptance of these changes, formal exchanges be made with the State Department.[227]

. . .

SUBDIVISION II/SUB-SECTION II

STRUCTURE ORGANISATIONELLE
ORGANIZATIONAL STRUCTURE

218. PCO/C-20-9(a)-M

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense[228]

Extract from Minutes of Meeting of Cabinet Defence Committee[228]

TOP SECRET [Ottawa], August 4, 1959

II. ORGANIZATION FOR THE AIR DEFENCE OF NORTH AMERICA

7. *The Minister of National Defence* said that CINCNORAD had now determined the subordinate organizations he considered necessary to accomplish his mission, and had requested national authorities to provide the necessary personnel for manning. The introduction of semi-automatic ground environment had necessitated the re-adjustment of the locations and sizes of the various air defence regions in North America to provide the best operational control within contiguous radar coverage and the most economical use of the improved SAGE. Engineering studies had revealed the need for ten SAGE NORAD regions to cover the United States and Canada, each of which would be subdivided into two or more sectors. Each sector would have

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[227] La lettre a été transmise au département d'État le 30 septembre 1958. Dans la lettre, les mots « time permitting » ont été enlevés et les mots « in reaching such agreement » ont été remplacés par « prior to reaching such an agreement ». Le département d'État a répondu en acceptant les conditions du Canada le 2 octobre 1958, rendant l'accord effectif à cette date. Voir Heeney à Herter le 30 septembre 1958;† Herter à Heeney, le 2 octobre 1958,† in MG 31, Acc. 350088, Vol. 8, file 17.1.
This letter was transmitted to the State Department on September 30, 1958. In the official letter, the words "time permitting" were removed and the words "in reaching such agreement" were replaced with "prior to reaching such an agreement." The State Department replied accepting the Canadian terms on October 2, 1958, rendering the agreement effective on that date. See Heeney to Herter, September 30, 1958;† Herter to Heeney, October 2, 1958,† MG 31, Acc. 350088, Vol. 8 file 17.1.

[228] Pour la liste des participants à la rencontre, voir le document 176.
See Document 176 for a list of attendees at this meeting.

its own Direction Centre and associated radars, and its own headquarters to control air defence operations within the sector.

Five of the SAGE NORAD regions were wholly within the United States and would contain only U.S. forces. The other five regions included territory of both countries; of the 30 sectors within these five regions, 17 were wholly within the United States (including Alaska), one wholly within Canada, and 13 in areas including territory of both countries.

The two countries had agreed upon certain principles for developing the NORAD control organization. In those geographical areas (regions or sectors) lying wholly within one country and containing only forces of that country, the commander and staff should be from that country; however, if current tactical concepts involved the employment and tactical control of forces of the other country in the air space of the geographical area in question, adequate staff and operational personnel should be provided to the commander to ensure effective employment of those forces. In geographical areas including territory of both countries and/or forces of both countries, the commander and his deputy should not normally be from the same country unless the forces or territory of the other country were very small. Also, in these areas, the commander's staff should be a joint staff composed of officers of both countries. National representation should generally be based on the composition of forces and the territory involved.

In accordance with these principles it was suggested that Canada should provide the Deputy Commander for the 25th and 31st NORAD regions, the Commander in the 35th region and joint staff officers for the regional and sector staffs within the 25th, 29th, 31st and 35th regions. Only the regional staff and the Syracuse sector staff in the 26th region and only the Detroit sector staff in the 30th region should be joint staffs of Canadian as well as U.S. officers.

By participating in the NORAD control organization as requested by CINCNORAD, Canadian personnel would be directly involved in the control of U.S. weapons operating in Canadian airspace, and they would be immediately available to the commanders of subordinate organizations to advise on matters affecting Canada.

CINCNORAD had requested participation by U.S. personnel, including that of a U.S. Deputy Commander, in the control of forces which would be operating within the 35th region, which included the 64th NORAD division and would eventually include U.S. forces in the Bangor Sector.

It was considered that Canada should participate in those regional headquarters which would have control of aircraft and weapons operating in Canadian air space and that United States personnel should be permitted to participate in regional headquarters located in Canada which would have control of U.S. forces and weapons operating over U.S. territory.

8. *The Minister of National Defence*, on the advice of the Chiefs of Staff, recommended:

(a) that approval in principle be given to:

(i) Canadian participation in those subordinate headquarters referred to above to the extent of approximately 247 officers, 408 other ranks and 16 civilians;

(ii) U.S. participation in the 35th NORAD Region Headquarters, presently referred to as Northern NORAD Region Headquarters, to the extent of approximately 31 officers and 49 other ranks;

(b) that subject to the foregoing approval in principle, the Minister of National Defence be authorized to implement the manning in annual increments as necessary.

An explanatory memorandum had been circulated. (Minister's memorandum, undated, Document D9-59).†

9. *Mr. Pearkes* said that if Canada were to accept a U.S. officer as Deputy Commander in the 35th region, there was a strong argument for obtaining the acceptance of a Canadian as Deputy Commander in the 29th region, even though there were not substantial Canadian air defence forces within that area. Because of a scarcity of senior officers to fill these positions, however, it was doubtful that we should ask for them. An alternative would be to have no Deputy Commanders at all, but just joint staffs in regions and sectors including territory of both countries.

10. *The Secretary of State for External Affairs* said that if Deputy Commanders were not provided, there would be no senior Canadian representation at all in the regions covering Western Canada. Canada should provide the Deputy Commander for the 29th and 31st regions, and probably should provide the Commander for the 25th region.

11. *During the discussion* the following points emerged:

(a) An important consideration in drawing up the list of command positions was to obtain an element of Canadian representation in each sector which included Canadian airspace, but to keep down the commitment of personnel. In addition, it was an accepted practice in NATO that command positions should go to an officer of the country which provided most of the forces to the command.

(b) There was a strong argument for placing a Canadian as Deputy Commander in the Detroit sector of the 30th region, as was the situation in the Syracuse sector of the 26th region. Both sectors would have control over vital areas of Canada.

(c) It was anticipated that the Canadian appointments recommended, and those which had been suggested during the discussion, could be made within the total R.C.A.F. manpower ceiling, but there might have to be a revision upwards of the rank structure. Commanders of regions would be of the rank of Air Vice Marshal, Deputy Commanders of regions of the rank of Air Commodore. Deputy Commanders of sectors would be of Group Captain rank.

12. *The Committee agreed*:

(a) that, in principle, Canada should participate in those subordinate headquarters recommended by the Minister to the extent of approximately 247 officers, 408 other ranks and 16 civilians;

(b) that, in addition, an attempt should be made to have Canadian officers appointed to the following positions:

(i) Commander of the 25th NORAD Region (instead of Deputy Commander);

(ii) Deputy Commander of the 29th NORAD Region;

(iii) Deputy Commander in sectors which include Canadian air space, and are within NORAD Regions where neither the Regional Commander nor the Deputy Commander are Canadians, particularly the Detroit sector.

(c) that, in principle, the United States should be allowed to participate in the 35th NORAD Region Headquarters, presently referred to as the Northern NORAD Region Headquarters, to the extent of approximately 31 officers and 49 other ranks;

(d) that subject to the foregoing approval in principle, the Minister of National Defence should implement the manning in manual increments as necessary.

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SECTION E

SYSTÈME DE DÉTECTION LOINTAINE DES MISSILES BALISTIQUES
BALLISTIC MISSILE EARLY WARNING SYSTEM

219. DEA/50370-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, June 25, 1959

BALLISTIC MISSILE EARLY WARNING SYSTEM

Over the past two years the United States authorities have been giving a good deal of thought to the defence of North America against ballistic missiles, and a high priority has been given to measures to deal with it because of the general recognition that ICBM's will represent a major air threat from 1961 on.

2. In essence the Ballistic Missile Early Warning System (BMEWS) will be made up of three long range radars located in Alaska, Greenland and Scotland linked to NORAD Headquarters by separate and highly reliable communications routes. Canada, however, is only concerned with the link between the radars in Greenland and Alaska. It is expected that the link between Fairbanks and NORAD Headquarters will be provided by commercial telegram facilities (in Canada, the CNT). The link from Greenland, however, will be by submarine cable from Thule to Cape Dyer, Baffin Island, a further submarine cable to Newfoundland and thence to Colorado Springs. No new communications routes over Canadian territory are planned where existing government and commercial facilities are adequate. BMEWS, when completed, will be an integral and essential part of the North American continental defence system.

3. Canada's contribution will be solely to provide certain rearward communications facilities in Canada, built, operated and maintained at the expense of the United States. The attached draft† of the United States Note, which with an appropriate reply would constitute the overall agreement, does not mention specific sites or routes to be granted in Canada, as the Notes will be made public. The agreement, however, is designed to provide a general framework for both the Alaskan and the Greenland links. With regard to the former, the United States authorities have assured us that no action to establish facilities in Canada will be taken without prior detailed discussion with the Canadian authorities. As regards the Greenland link, to which the present agreement will apply initially, a supplementary agreement will be required to cover the landing of the cable from Thule and Cape Dyer.

4. I believe that under the terms of this proposal Canada's interests will be adequately safeguardded and advanced. I would mention the following particular points:

(a) all planning with regard to sites or strips, roads, buildings, etc., will be done in cooperation with the Canadian authorities and carried out by mutual agreement;

(b) classified letters will be exchanged between the United States Air Force and the Department of Defence Production covering the arrangements under which all construction in Canadian territory will be carried out by Canadian contractors;

(c) all electronic equipment will, as far as practicable, be manufactured in Canada; the question of practicability being resolved on the basis of an assessment of such factors as availability at the time, cost and performance;

(d) provision is made for Canada to take over on reasonable notice the operation and manning of any or all the installations in Canada;

(e) United States personnel at the sites may not exceed the minimum to operate the facilities effectively.

5. BMEWS will, in time, require development of plans, equipment and facilities for an active defence against ICBM's, closely linked to the warning system. Because the "state of the art," and in particular the development of an anti-missile missile, has not yet developed sufficiently, it is not possible to estimate what the implications for Canada will be. However, we have been assured of being kept fully in the picture as regards developments in this phase of BMEWS. Specifically, the United States authorities have agreed to an exchange of letters providing for the closest possible consultation and a constant exchange of timely information on all aspects of anti-missile defence, the purpose of which would be to explore the implications for Canada of the system and to provide for the maximum degree of Canadian participation in its overall development.

6. As you may recall, on November 12, 1958,[229] the Cabinet approved an earlier United States draft Note, subject to certain amendments. These have all been accepted by the United States authorities. They have also agreed to certain other amendments which other Departments subsequently wished to have made. The process of obtaining complete agreement has been a long one because of the number of Departments of both Governments concerned. If you agree that the United States Note is acceptable, I would recommend that you let me have your authority to sign an appropriate reply.

7. Some urgency attaches to this matter as there is need to let the necessary contracts by June 29 if full advantage is to be taken of the very short construction season.[230]

N.A. R[OBERTSON]

220. DEA/50370-40

Note de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defence Liaison (1) Division to Under-Secretary of State for External Affairs

SECRET [Ottawa], July 21, 1959

BMEWS — UNITED STATES COMMITMENT TO CONSULT

You may recall that as part of our negotiations with the United States authorities on the BMEWS Exchange of Notes, we made the suggestion that there should be a separate exchange of correspondence between yourself and the United States Ambassador concerning the importance of the closest possible consultation between the two Governments on all aspects of the anti-missile defence system. The purpose of the consultation should be to explore the implications for Canada of the system and to provide for the maximum degree of Canadian participation in its overall development. I am attaching a copy of your letter of March 23† to the

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[229] Voir/See Volume 25, Document 124.

[230] Note marginale :/Marginal note:
OK H.C. G[reen]
Ces notes ont été échangées le 13 juillet 1959. Voir *Recueil des traités du Canada,* 1959, N° 12.
These notes were exchanged on July 13, 1959. See *Canada Treaty Series*, 1959, No. 12.

Chairman, Chiefs of Staff, and the Deputy Minister of Defence Production, in which was set out our thinking on the subject.

2. Both the Chairman, Chiefs of Staff and the Deputy Minister of Defence Production agreed with our draft† which was submitted in May to the United States Embassy. We were informed yesterday by the United States Embassy that they are prepared to exchange letters with us and have no suggestions to make for a change in our draft. I attach a copy of the text of the reply† which the United States Embassy would be prepared to make to our letter.

3. May we now make the final arrangements for the exchange along the lines of the attachments, or would you wish to discuss the subject further with the Minister before the exchange is completed?[231]

J.J.M. McCARDLE

221. DEA/50370-40

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis

Under-Secretary of State for External Affairs to Ambassador of United States

SECRET Ottawa, July 28, 1959

Dear Mr. Wigglesworth:

I refer to the exchange of notes of July 13, 1959, between our two Governments embodying an Agreement covering the establishment in Canadian territory of an integrated communications system to serve a ballistic missile early warning system (BMEWS).

2. In the explanatory comments provided by your authorities when this exchange of notes was under consideration, mention was made of the active phase of ballistic missile defence in the following terms: "It is possible that certain forward acquisition radar sites and even missile sites may be proposed for location in Canada. Planning and the state of the art have not progressed to the point that any useful forecast can be made at this time of the implications for Canada of the active phase of missile defence."

3. I feel that this is an appropriate occasion to record the views of the Canadian Government on the importance which it attaches to being kept fully informed of United States planning on the active phase of a ballistic missile defence system. I should like, therefore, to mention three of the more important reasons which lead my Government to believe that there must be close consultation between Canada and the United States on this matter.

4. First, there are the political considerations which would inevitably be involved in the establishment in Canadian territory of anti-missile defence installations if such installations should prove to be necessary. Second, the development of a new family of defensive weapons has unique significance from the point of view of military planning for Canada as well as for the United States. For both our countries the long range missile is likely to constitute the major threat in the years ahead. CINCNORAD has had this to say concerning the missile threat: "The overriding threat in the near future will be the USSR intercontinental ballistic missile. The highest priority in the development of our air defence system must be the achievement of a

[231] Notes marginales :/Marginal notes:
Mr. Ross Campbell: I think the Minister should see these papers. [N.A.] R[obertson]
O.K. H.C. G[reen]
Approved by SSEA 27/7 R. C[ampbell]

capability to detect and defend against this type of attack." Finally, consultation on the development of an active missile defence will be essential if effect is to be given to the continuing objective of our two Governments to coordinate the future development, production, and procurement programmes of the two countries in order to obtain the best use of their combined defence production resources in support of their integrated military arrangements.

5. In the light of these factors the Canadian Government believes that there should be the closest possible consultation and a constant exchange of timely information between appropriate agencies of the two Governments on all aspects of the anti-missile defence system. The purpose of such consultation should be to explore the implications for Canada of the system and to provide for the maximum degree of Canadian participation in its overall development.

6. The Canadian Government would welcome an indication that your Government shares its belief as to the importance of an integration of effort to meet the challenge presented in developing a new family of defensive weapons and of the need for the closest possible consultation at all stages in the development of an anti-missile defence system.

Yours sincerely,

N.A. ROBERTSON

222. DEA/50370-40

Le ministre de l'ambassade des États-Unis
au sous-secrétaire d'État aux Affaires extérieures

Minister, Embassy of United States,
to Under-Secretary of State for External Affairs

SECRET Ottawa, July 30, 1959

Dear Mr. Robertson:

I refer to your letter of July 28, 1959 regarding the importance the Canadian Government attaches to being kept fully informed of United States planning on the active phase of a ballistic missile defense system.

It has already been noted that the planning of anti-ballistic missile systems is in a relatively early stage and it is thus not feasible to determine at this time the full implications for Canada of the active phase of missile defense.

However, my Government, having noted the views of the Canadian Government on this matter, has authorized me to confirm its view that the establishment of a ballistic missile defense system for North America should proceed on the basis of the closest possible consultation between the appropriate representatives of both Governments. My Government regards such consultation to be a natural and desirable extension of the close cooperation between our two Governments in other phases of joint defense.

Sincerely yours,

TYLER THOMPSON

SECTION F

PARTAGE DE LA PRODUCTION
PRODUCTION SHARING

223. DEA/50210-H-40

Le sous-secrétaire d'État aux Affaires extérieures
au conseiller de l'ambassade des États-Unis

Under-Secretary of State for External Affairs
to Counsellor, Embassy of United States

CONFIDENTIAL [Ottawa], May 8, 1959

Dear Mr. Rewinkel:

You will recall that the Canadian Government, in statements on September 23, 1958[232] and February 20, 1959[233] indicated its decision to extend and strengthen the continental air defence system. The facilities which were mentioned in these statements included BOMARC missile bases, additional main radar stations, gap-filler radars, and semi-automatic ground environment (SAGE) electronic control and computing equipment.

There has been a good deal of discussion over the past few months between officials of our two Governments with respect to the establishment of these facilities. In particular, the question of the sharing of costs of the installations was dealt with in letters† of December 23, 1958 and February 5, 1959 between the Deputy Minister of National Defence, and the Assistant Secretary of the United States Air Force (Materiel). It was noted in this correspondence that arrangements with respect to the planned facilities should eventually be confirmed in an appropriate inter-governmental agreement.

There is attached, therefore, for consideration by your authorities, three copies of a first draft of a possible Canadian Note on cost-sharing and related arrangements with respect to planned improvements in the continental air defence system. This Canadian draft has been prepared by the Canadian officials concerned and is, of course, subject to further Ministerial consideration. We thought it desirable at this stage, however, to seek United States comments on the draft.

I should be most grateful if you could transmit the attachment to your authorities for their comments. I should be grateful, as well, if you could indicate that we attach some urgency to the conclusion of a suitable exchange of Notes on this matter. It is our hope that work connected with the installation of these facilities can proceed with the least possible delay.

Yours sincerely,

J.J. MCCARDLE
for Under-Secretary of State
for External Affairs

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[232] Voir volume 25, document 89, note 136./See Volume 25, Document 89, Footnote 136.
[233] Voir Canada, Chambre des Communes, *Débats*, 1959,Vol. II, pp. 1279 à 1282.
See Canada, Chamber of Commons, *Debates*, 1959, Vol. II, pp. 1221-1224.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Projet de note

Draft Note

CONFIDENTIAL [Ottawa], April 28, 1959

CANADIAN NOTE ON COST SHARING AND RELATED ARRANGEMENTS WITH RESPECT TO PLANNED IMPROVEMENTS IN THE CONTINENTAL AIR DEFENCE SYSTEM

I have the honour to refer to discussions in the Canada-United States Ministerial Committee on Joint Defence and to the recommendations of the Commander-in-Chief, North American Air Defence Command, concerning the extension and strengthening of the continental air defence system, including the establishment of long range surface to air missile sites in Canada.

The Canadian Government, in statements of September 23, 1958 and February 20, 1959, indicated that BOMARC missile bases would be established in Canada, that the Pine Tree radar system would be strengthened by the addition of a number of main radar stations and gap filler radars; and that semi-automatic ground environment (SAGE) electronic control and computing equipment would be installed in Canada.

In the discussions between representatives of our two Governments, the importance of satisfactory cost-sharing arrangements for these new programmes was recognized. Discussions of cost-sharing arrangements were conducted against the background of past understandings between our two Governments, particularly, the "Statement of Principles for Economic Cooperation" of October 1950,[234] and the continuing discussions between our two Governments designed to give effect to their joint determination to assure the most economical and effective use of the defence production capabilities of both countries. Due weight was given to the fact that these new and costly undertakings are designed to enhance the joint security of Canada and the United States.

It was recognized as well that further consideration would have to be given to the operational procedures involved in the use of certain of the new facilities when established, in the light of the joint responsibility exercised by the two Governments for the operations of the North American Air Defence Command. Arrangements in this respect will be dealt with in a separate agreement between our two Governments.

My Government now proposes that the conditions set out in the attached Annex should govern the financing, installation and operation of the facilities in Canada now required to strengthen and extend the continental air defence system. If these conditions are acceptable to your Government, I propose that this Note and Annex, and your reply, should constitute an agreement between our two Governments, effective from the date of your reply.

Accept, Excellency, the renewed assurances of my highest consideration.

[234] Voir le volume 16, les documents 775 à 795./See Volume 16, Documents 775-795.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Annexe

Annex

STATEMENT OF CONDITIONS GOVERNING THE FINANCING, INSTALLATION AND OPERATION AND OPERATION OF FACILITIES IN CANADA REQUIRED TO STRENGTHEN AND EXTEND THE CONTINENTAL AIR DEFENCE SYSTEM

(Hereafter, unless the context otherwise requires, "Canada" means the Government of Canada, "United States" means the Government of the United States of America, and "facilities" means the facilities defined in paragraph 1 of this Annex.)

1. *Facilities*. The arrangements set out below will apply to the construction and installation of (a) seven new heavy radars; (b) forty-five gap filler radars; (c) one SAGE Direction Centre; (d) certain modifications to existing Pine Tree radars made necessary by SAGE; (e) two BOMARC missile units.

2. *Consultation*. Appropriate Canadian and United States authorities shall consult in connection with the implementation of these facilities and related arrangements. Appropriate representatives of the two Governments shall participate in the development of the facilities from design to installation and decisions affecting the programmes shall be mutually agreed, including the assignment of responsibilities for undertaking the various aspects of the programme.

3. *Surveys*. Canadian and United States agencies will cooperate in making engineering and other technical surveys to determine suitable sites for the facilities, and may make plans for the facilities to be constructed and the equipment to be installed at the sites. In the conduct of the surveys, special care will be taken to avoid any infringement of rights over lands which are not owned by Canada; any arrangements involving private properties will be made only through the appropriate Canadian Government agency.

4. *Sites*. The location and extent of all sites required for the facilities shall be agreed upon by appropriate agencies of the two Governments. Canada, without charge to the United States, shall acquire and retain title to any lands required for the sites.

5. *Financing*

(a) The costs of the initial construction and equipment required for these facilities will be shared in the ratio of Canada being responsible for approximately 1/3 of the cost and the United States being responsible for approximately 2/3 of the cost, and this will be achieved by:

(i) Canada assuming full financial responsibility for all initial construction and unit equipment;

(ii) United States assuming full financial responsibility for all initial technical equipment required, including its transportation, installation, testing, and the provision of initial spare parts.

(b) The sharing of costs not specifically provided for in this agreement will be a matter for agreement between the two Governments or their appropriate agencies.

(c) This agreement relates to the particular projects enumerated in paragraph 1 above and is not to be considered as establishing a precedent for future joint defence projects.

(d) Any action taken under this agreement shall be subject to the availability of appropriated funds.

6. *Construction*. Canada will assume responsibility for the construction of the facilities, and the provision of the unit equipment.

7. *Technical Equipment*. Every effort will be made to ensure that Canadian industry is given a fair and reasonable opportunity to share in the production of the required technical equipment, within the objectives of the programme for the sharing of defence production tasks as agreed to by the two Governments.

8. *Manning*. All the new facilities will be manned by Canadian personnel. Canadian military personnel costs will be borne by Canada.

9. *Period of Operation*. The facilities will be operated for a period of ten years or such shorter period as may be agreed upon by the two Governments in the light of their mutual defence interests. After the ten year period, in the event that either Government concludes that the facilities are no longer required and the other Government does not agree, the question of continuing need will be referred to the Permanent Joint Board on Defence. In considering the question of need, the Permanent Joint Board on Defence will take into account the relationship of the facilities to any other similar installation established in the mutual defence interest of the two countries. Following consideration by the Permanent Joint Board on Defence, as provided above, either Government may decide that the facilities in question may be disposed of, in which case the arrangements shown in paragraph 10 below regarding ownership and disposition of the installations shall apply.

10. *Ownership and Disposal of Removable Property*. Ownership of all removable property brought into or purchased in Canada by the United States and placed on the sites, including readily demountable structures, shall remain in the United States. The United States shall have the unrestricted right of removing or disposing of all such property, PROVIDED that the removal or disposition shall not impair the operation of any installation whose discontinuance had not been determined in accordance with the provisions of paragraph 9 above, and PROVIDED further that removal or disposition takes place within a reasonable time after the date on which the operation of the installation has been discontinued. The disposal of United States excess property in Canada shall be carried out in accordance with the provisions of the Exchange of Notes of April 11 and 18, 1951, between the Secretary of State for External Affairs and the United States Ambassador in Ottawa, concerning the disposal of excess property.

11. *Immigration and Customs Regulations*

(a) Except as otherwise agreed, the direct entry of United States personnel from outside Canada shall be in accordance with Canadian customs and immigration procedures which will be administered by local Canadian officials designated by Canada.

(b) Canada will take the necessary steps to facilitate the admission into the territory of Canada of such United States citizens as may be employed on the construction or operation of the facilities, it being understood that the United States will undertake to repatriate without expense to Canada any such persons if the contractors fail to do so.

12. *Taxes*. Canada shall grant remission of customs duties and excise taxes on goods imported and of federal sales and excise taxes on goods purchased in Canada, which are or are to become the property of the United States and are to be used in the establishment, maintenance or operation of the facilities. Canada shall also grant refunds by way of drawback of the customs duty paid on goods imported by Canadian manufacturers and used in the manufacture or production of goods purchases by or on behalf of the United States and to become the property of the United States in connection with the establishment, maintenance or operation of the facilities.

13. *Canadian Law*. Nothing in this agreement shall derogate from the application of Canadian law in Canada, provided that, if in unusual circumstances, its application may lead to unreasonably delay or difficulty in construction or operation, the United States authorities concerned

may request the assistance of Canadian authorities in seeking appropriate alleviation. In order to facilitate the rapid and efficient construction of the facilities, Canadian authorities will give sympathetic consideration to any such request submitted by United States Government authorities.

14. *Status of Forces*. The "Agreement between the Parties to the North Atlantic Treaty Regarding the Status of their Forces," signed in London on June 19, 1951, shall apply.[235]

15. *Supplementary Arrangements and Administrative Agreements*. Supplementary arrangements and administrative agreements between appropriate agencies of the two Governments may be made from time to time for the purpose of carrying out the intent of this agreement.

224. PCO/C-20-9(a)-D

Bref pour les ministres
du Comité canado-américain de défense commune

Brief for Ministers
of Canada-United States Committee on Joint Defence

CDC DOCUMENT NO. D-27-59 Washington, November 9, 1959

SECRET

PRODUCTION SHARING PROGRESS REPORT

At the Paris meeting of the Committee on Joint Defence, in December, 1958,[236] Canadian Ministers urged the U.S. Government to make it plain to its defence procurement personnel that the agreed objectives of the Production Sharing Programme represent U.S. Government policy, and to remove from its procurement and other related regulations any impediments which might exist for Canadian suppliers. Since then, significant progress has been made both in the removal of formal restrictions to participation by Canadian suppliers in the U.S. defence market, and in the development of joint U.S.-Canadian efforts intended, on the one hand, to acquaint U.S. Government agencies and contractors with the capabilities of Canadian firms and, on the other, to inform Canadian firms of opportunities for sales to the U.S. Government and its defence contractors and of the procedures to be followed.

Removal of Restrictions

During the first six months of this year, the U.S. Government made those changes in its procurement regulations which appeared necessary to provide an adequate opportunity for Canadian industry to participate in U.S. defence production. The most significant change was the provision that the Buy American Act should not apply to Canadian manufactures in respect of a wide range of U.S. defence procurement programmes which were detailed in lists published by the three U.S. Services. In addition, U.S. procurement procedures have been revised and relaxed to provide duty-free entry for Canadian products, to relax security restrictions and permit Canadian firms to demonstrate their capability on classified projects, and to arrange for reciprocal inspection for quality control and provide for Canadian assistance to U.S. prime contractors in the administration of sub-contracts.

[235] Voir le volume 17, les documents 441 à 445./See Volume 17, Documents 441-445.
[236] Voir volume 25, les documents 134 à 137./See Volume 25, Documents 134-137.

The senior Canadian and U.S. officials concerned with production sharing agreed last July that the first phase of the programme — the removal of regulatory and procedural obstacles — has been largely accomplished. Canadian officials will, however, continue to review the effect of procurement regulations in order to identify any further adjustments which may be appropriate, and to resist the imposition of any new restrictions on Canadian access to the U.S. defence market. In the latter connection, there are indications that a move will be made to extend into the sub-contract area the policy of reserving certain defence procurement orders for U.S. small business; the production involved in such "set asides" would likely include precisely those sub-contracts which offer the greatest opportunities for Canadian industry.

Educational Effort

Progress has also been achieved in the task of educating U.S. procurement officials and defence industry in both countries in the objectives of the programme and the opportunities for Canadian participation. U.S. Service Departments have provided effective direction to their procurement agencies and prime contractors, and a number of the latter have taken steps to assess Canadian capabilities and provide opportunities for Canadian production. The Department of Defence Production has undertaken to acquaint Canadian industry with the way in which the Production Sharing Programme works and the opportunities which it presents. It has also been emphasized that opportunities must be sought out and pursued energetically by industry in competition with U.S. suppliers on the basis of quality, delivery and price.

At their meeting in July, the senior officials concluded that, with the achievement of a satisfactory framework of U.S. regulations and procedures, the major effort of both Governments during the next phase of the programme should be concentrated on an intensified effort to educate agencies and industry in the objectives and procedures of the Programme. Despite the progress already achieved, it is apparent in many areas of the United States that there is still skepticism regarding U.S. Government support for the programme, and ignorance of Canadian capabilities. On the Canadian side, there has traditionally been a tendency to regard U.S. defence industry as a threat rather than a potential market. It has therefore been necessary to convince Canadian firms that real opportunities could be found on a competitive basis within the United States. There is growing evidence, however, that Canadian firms are finding this to be the case, and if the efforts of the Canadian Government are continued and intensified there is reason to believe that a growing number of Canadian firms will make the effort essential to the success of the programme.

It must be recognized that, among those Canadian firms which have sought U.S. orders during the past few months, the results achieved have varied widely. Some manufacturers — particularly those who have developed specialized techniques — have been successful beyond their expectations. Others, however, have found themselves unable to compete successfully in the American market. This experience, of course, merely confirms what was expected at the outset of the production sharing programme, and points up the need for a selective effort on the part of the Canadian authorities and industry.

Development Sharing

It has become increasingly clear that the long-run success of production sharing requires that Canadian industry share in the development of future weapons, in order to ensure the maintenance of an effective level of scientific and technical ability. Canadian officials have therefore met with the research and development authorities of the three U.S. Service Departments over the past few months in an effort to evolve procedures for the selection of appropriate development projects to be undertaken jointly, and for the proper control and administration of such joint projects. Detailed negotiations are underway with the U.S. Army and U.S. Air Force, and preliminary discussions have been held on the subject with the U.S. Navy.

This aspect of the production sharing programme involves a number of difficulties which are not yet resolved, and it is still impossible to predict, with any assurance whatever, what degree of success can be achieved. Since development sharing arrangements must be worked out at a very early stage of planning, when requirements have been outlined only in the most general terms, it is often very difficult to delineate those specific tasks for which Canadian capabilities may be appropriate. In addition, since technical control is both of much greater importance and less susceptible of systematic treatment at the development than at the production stage, greater difficulty is encountered in devising administrative procedures for joint Canadian-U.S. control.

The Canadian Government has recognized that in both the development and production sharing fields, certain forms of assistance would be required by Canadian industry to enable it to compete in the U.S. defence market with U.S. suppliers who are already actively engaged on current U.S. defence programmes; and to this end Parliament has authorized funds for suitable assistance to Canadian industry in the development sharing as well as the production sharing field. In the production sharing area this assistance is planned to be of temporary duration only, during the period required for Canadian firms to adjust to the conditions under which U.S. firms are already operating. In the development sharing field, on the other hand, it is contemplated that funds will be provided to support a long-term programme aimed at maintaining scientific and technical ability in Canadian defence industry at a level which will enable it to share effectively in future production programmes. It should be recognized that the provision of funds by Canada does not carry any automatic guarantee of the success of development sharing; opportunities for Canadian - financed development tend to be limited to programmes having only a relatively low priority in U.S. planning, since the U.S. Services are normally prepared to finance all high priority projects. However, it may be possible to use the funds to assist Canadian industrial participation in U.S. financed development.

Statistical Summary

During the first nine months of 1959, U.S. defence orders placed with Canadian industry amounted to $39.2 million in prime contracts and another $36.4 million in sub-contracts. While there are no comparable records of sub-contract purchases prior to January 1st, 1959, the value is known to have been negligible. Prime contracts during the first nine months of 1958 amounted to approximately $26 million.

It must be borne in mind, however, that a substantial part of the U.S. expenditures in Canada are returned to the U.S. under the normal purchasing patterns of Canadian Industry. Out of the total of $75.6 millions for the calendar year to date, it is estimated that $12.2 millions found their way back to the U.S. in this manner; consequently, approximately $63.4 millions remained in Canada.

As opposed to this, the flow of Canadian defence procurement dollars to the U.S. since January 1st is estimated at $43 millions, including both prime and sub-contracts. However, the impact of the CF-104 programme has not yet been felt, and can be expected to increase substantially the level of Canadian purchases from the U.S. during the next several years.

Summary of Conclusions

The record of U.S. defence purchasing in Canada since January 1st, 1959, indicates that the production sharing programme is having results, but firm conclusions would be premature.

The U.S. Government has given encouraging evidence of its support for the programme by its prompt action in removing impediments to Canadian participation in its programmes. For the future, it is important that these advances should not be nullified by any substantial extension of the policy of procurement set asides.

While progress has been achieved in making U.S. defence industry aware of the production sharing objectives and of Canadian capabilities, the size and complexity of the American industrial base are such as to require a sustained effort on the part of U.S. and Canadian authorities and Canadian manufacturers alike.

The fact that the production sharing programme involves, in effect, an attempt to change the deeply rooted commercial attitudes and habits of a vast number of procurement agencies and manufacturers means that success can be achieved only gradually, and reinforces the need for a sustained effort by both Governments.

The development sharing aspect of the production sharing programme is still proceeding very slowly, but at the present stage this reflects the more difficult nature of the task rather than any lack of determination on the part of either Government.

Experience to date confirms that the efforts of the Canadian Government and Canadian industry will be most effective if they are concentrated on those development and production tasks for which Canadian industrial resources are in the strongest competitive position.

225. DEA/50210-H-40

Le sous-secrétaire d'État aux Affaires extérieures au conseiller de l'ambassade des États-Unis

Under-Secretary of State for External Affairs to Counsellor, Embassy of United States

Ottawa, December 24, 1959

Dear Mr. Smith,

INSTALLATION IN CANADA OF BOMARC, SAGE AND HEAVY RADARS

I refer to Mr. Rewinkel's letter to Mr. McCardle of July 31† under cover of which he transmitted the text of changes desired by the United States authorities in the draft of a possible Canadian Note[237] on cost sharing and related arrangements with respect to planned improvements in the continental air defence system.

These changes have now been considered by the Canadian authorities and are acceptable to them with one exception. In paragraph 8 of the proposed Annex, it is noted that your authorities would like to have deleted the word "military" between "Canadian" and "personnel costs." It has been the understanding of the Canadian authorities from informal discussions with United States authorities that personnel costs would be borne on the same basis as for the PINE TREE stations and that, as a consequence, Canada would only assume the costs of military personnel. Reference is made in this connection to a letter of December 23, 1958,† from the Deputy Minister, Department of National Defence, to the Honourable Dudley Sharp, Assistant Secretary (Materiel) of the United States Air Force, and the Honourable Dudley Sharp's reply dated February 5, 1959.† We would, therefore, wish that the word "military" not be deleted.

We also believe that there is a need to provide specifically for the sharing of costs of maintenance and operation of the facilities and would therefore suggest that paragraph 5(b) of the draft Annex be altered to read as follows: "The sharing of costs not specifically provided

[237] Voir le document 223. Les modifications à la note souhaitées par les États-Unis ne concernaient pas des questions de fond.
See Document 223. The alterations to the note desired by the United States did not involve substantive matters.

for in this agreement and of maintenance and operation of the facilities will be a matter for agreement between the two Governments or their appropriate officers."

In view of the changes suggested by your authorities to paragraph 5(a)(i), we would like to add the following words in brackets after "equipment:" "(that equipment and material used in the performance of base housekeeping functions and the day-to-day operation of a base)." Similarly, in paragraph 5(a)(ii), we believe it desirable to provide some clarification as to what s meant by technical equipment and would suggest the following: "technical equipment means all equipment and material required at a base to enable it to perform its intended operational task."

The Canadian authorities would also like to provide for Canada to have the option of obtaining the SAGE equipment in the event the equipment is declared surplus to defence needs. They would, therefore, like to propose the following language to be inserted at the end of paragraph 10 of the Annex as follows: "... concerning the disposal of excess property, except in the event that the SAGE equipment is declared surplus to defence needs, in which case Canada shall have the option to acquire any or all of it at such time and under such conditions as shall be mutually agreed upon."

In addition to the foregoing, the Canadian authorities would like to have the following paragraph inserted in the Annex as paragraph 5, the present paragraph 5 to be renumbered 6 and the succeeding paragraph numbers advanced one digit:

"Radio Interference

Special consideration will be given to the substantial problem of selecting the sites and modifying or adjusting the electronic equipment of the facilities encompassed by this Agreement so as to avoid interference to other use of radio frequencies in Canada, it being understood that other users concerned in specific interference situations will be expected to offer all reasonable co-operation."

It is our hope that the above suggestions are acceptable to your authorities as it is desirable for the Exchange of Notes to take place as soon as possible.

Yours sincerely,

[N.A. ROBERTSON]

SECTION G

RÉUNION DU COMITÉ MINISTÉRIEL CANADA-ÉTATS-UNIS SUR LA DÉFENSE COMMUNE, CAMP DAVID, 8-9 NOVEMBRE 1959

MEETING OF CANADA-UNITED STATES MINISTERIAL COMMITTEE ON JOINT DEFENCE, CAMP DAVID, NOVEMBER 8-9, 1959

226. DEA/50309-A-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], October 5, 1959

CANADA-UNITED STATES MINISTERIAL COMMITTEE ON JOINT DEFENCE — POSSIBLE AGENDA

You have agreed that a meeting of the Canada-United States Ministerial Committee should take place in Washington on November 9. I should like to raise for your consideration in this memorandum some ideas concerning the type of questions which might usefully be discussed at this meeting.

The Committee was established to consult periodically on all matters affecting the joint defence of Canada and the United States. It was clearly envisaged that the Committee should review at the highest level not only military questions but also the political and economic aspects of joint defence problems. It is significant in this respect that in establishing the Committee provision was made that the two national sections should be led respectively by the Secretary of State for External Affairs and the Secretary of State of the United States. Your predecessor served as Chairman of the first meeting last year, and Mr. Herter will chair the November meeting in Washington.

I am inclined to believe that the best use will not be made of the Committee if Ministers are asked to consider too many specific Canada-United States defence projects at their meetings. I am convinced that these meetings should be taken as opportunities for Ministers to engage in a wide-ranging discussion of the factors, both international and domestic, which affect Canada-United States defence co-operation. I do not think it is desirable that the meetings should be regarded as occasions on which firm agreement should necessarily be reached on specific topics; rather, the meetings should provide each side with the opportunity at this high level to bring forward for discussion those views which are basic to any decisions on specific defence projects in the intervals between meetings.

It could be made clear at the outset of an informal discussion of the kind I would envisage that the views expressed were not to be taken as binding on either Government. If, in order to achieve the full and frank exchange of views which would be so useful, it was considered desirable to keep the record of the discussion to a minimum, this could be easily arranged. When officials of the two Governments meet to discuss defence topics they normally are dealing with specific projects. Only Ministers are really in a position to discuss broad policy considerations fully and frankly. It seems to me that to do less on occasions such as this is not to take full advantage of the opportunity provided by the Committee's existence. It is frank

exchanges of general views at this level which, I believe, will make a reality of "consultation" between the two Governments much more so than the technical exchanges which take place at the official level. The two Governments face a common problem in the defence of North America. It seems to me essential, therefore, that at the highest level the Governments should fully understand what each other's views are even if there may remain areas of disagreement as to how or whether these views should be translated into action.

Ample opportunity is given on both the Canadian and United States sides for Ministers and senior officials to examine in detail the specific joint defence projects which are recommended. In Canada, the Cabinet Defence Committee and the Cabinet examine detailed recommendations in this respect. What is missing, however, is a periodic exchange of views at the Ministerial level between Canada and the United States on the basic factors which make these specific projects necessary or, on the other hand, make it difficult to proceed with them in the manner recommended by the military authorities.

I would recommend, therefore, that an attempt be made to provide mainly for general discussion at the November meeting of the Ministerial Committee, and to place little emphasis on a discussion of specific Canada-United States defence projects. Such a discussion would provide an opportunity for individual participants to put forward their ideas and their concerns about the future of Canada-United States defence co-operation and, indeed, of Western strategy generally. It should introduce a great deal more flexibility than is normally the case at meetings where the participants confine themselves mainly to expounding written briefs which have been prepared in advance. Such discussion would, of course, not rule out the consideration of certain major specific Canada-United States projects on which full agreement had not previously been reached — such as the storage of nuclear weapons in Canada. I am inclined to believe, however, that even such a question as this is less important in itself than in how it fits into the much more basic policy question of the need for the use of nuclear weapons generally, and the effect of their deployment, display and possible use.

There is attached for your consideration a paper containing "talking points" on political aspects of our defence co-operation with the United States in relation to Western strategy generally which I think could serve as the basis for the kind of discussion which I think would be most useful. I should be grateful to know if you would agree that we might attempt to arrange for a general discussion of the kind I have mentioned. If you do agree, would you wish me to write on your behalf to the Ministers of Finance, National Defence and Defence Production informing them of your desire to have the November discussions devoted to these more general questions while not ruling out the possibility of some discussion of particular topics of special interest to individual Ministers.

N.A. ROBERTSON

227. PCO/C-20-9(a)-D

Note pour le Comité du Cabinet sur la défense

Memorandum for Cabinet Defence Committee

CDC DOCUMENT NO. D-25-59 [Ottawa], November 4, 1959

TOP SECRET

DEFENCE QUESTIONS FOR DISCUSSIONS

The following notes may be of use as talking points in the general discussions on Canadian-United States cooperation in defence at Camp David on the evening of Sunday, November 8th.

Introduction — Assumptions

1. In opening these discussions it would seem desirable to make clear that Canada assumes that the close cooperation between the two countries in defence matters will continue. While this bilateral cooperation was merged in 1949 in the bigger task of building a system of collective security with our European allies in NATO, it commenced before NATO and must continue indefinitely. Geography and the nature of modern weapons make it essential; our common viewpoints and mutual confidence make it possible. Inevitably there will be differences of view on certain aspects from time to time, and the two governments confront different problems in carrying out their programmes; therefore periodic discussions on general policies as well as particular questions are to be welcomed.

2. The machinery for consultation and cooperation in defence matters between the two countries appears on the whole to be adequate and comprehensive. If any additional arrangements seem desirable, such as the Committee of Deputies of the members of the Ministerial Committee, to prepare for meetings of that Committee, now suggested by the United States, they could be added.

Note: A paper on additional machinery for Canada-U.S. defence cooperation is at Appendix 1† to this memorandum.

The Changing Threat

3. The change in the nature of the threat to North America is a matter of serious concern to both Governments because of its implications for air defence and for the effective preservation of the retaliatory strike force. There are agreed intelligence assessments of the threat to North America with which Canadian Ministers are acquainted (a summary is attached†) but from these one gets the impression that the U.S. authorities still feel there will remain somewhat more of a threat from bombers during the 1960's than do the Canadian intelligence authorities.

4. The Canadian Government is being criticized now for being slow to react to the changing threat and for spending money on what are alleged to be obsolete means of air defence. There has been some similar criticism of the U.S. Government as well. In view of the expense and difficulty of any developments in the air defence system, the Canadian Government is approaching with considerable caution any further measures to meet the bomber threat, beyond those already undertaken.

5. It would be helpful to know the views of the U.S. members of the Committee themselves on this key question of the nature of the threat to North America during the 1960's and in particular the future of manned aircraft in that threat and the necessity of defence against such aircraft.

Note: Appendix 2† to this memorandum includes a short summary by the Chairman of the Chiefs of Staff Committee on the agreed views on the threat and a summary estimate prepared by the Joint Intelligence Committee.

Probability of War

6. Although it is recognized that the Soviet Union now has the capability to attack North America strongly and will have a stronger capability as its missile armoury grows, recent developments suggest that the probability of Russia initiating a global war has diminished. The Russian authorities seem to share the growing awareness throughout the world that a major nuclear war would bring devastation and chaos to both sides, and perhaps radiation damage to many neutrals as well. Not only their public statements but also their general economic behaviour seem to support this interpretation of their intentions. It seems to us that the probabilities of a major war being deliberately started have greatly diminished in recent years. On the other

hand, we do not feel much increased confidence that war will not arise from miscalculations or the spread of some local conflict.

7. It would be helpful to know something of the U.S. views on the risk of major war in the light of these factors and their interpretation of the objectives of the Soviet Union. Does the U.S. Government feel there has been sufficient improvement in the relations between the Soviet Union and the West to justify optimism as to the possibility of reaching some modus vivendi on outstanding issues which divide the Soviet Union and the West? Is there justification for taking certain further risks on our side to bring about solutions through diplomatic action?

Note: A paper from the Department of External Affairs on Soviet intentions is included as Appendix 3† to this memorandum.

Military Strategy

8. Canada recognizes that the use of major nuclear weapons as the deterrent is still the basis of Western strategy in a major war. The Canadian Government has subscribed to and supported this policy. While Canada does not participate directly in providing a part of the deterrent retaliatory force, it has cooperated with the United States in facilitating their creating and exercising such a force and in defending it. Canada is prepared to continue such cooperation in respect of the deterrent force, including the making of arrangements for the storage of major weapons at Goose Bay about the details of which discussions will take place on Monday morning. The Canadian Government also recognizes that our joint efforts in North American air defence are directed in the first instance to the defence of the retaliatory force in order that it may continue to be an effective deterrent.

9. The Canadian Ministers directly concerned have such detailed information about the Strategic Air Command as they require to understand its nature and operations. They recognize some of the problems that the U.S. faces in keeping this force as an effective deterrent. Canada has cooperated in permitting overflights of its territory by SAC for exercise purposes, including exercises to test the practicability of an air borne alert condition for SAC.

10. Does the United States now feel that an air borne alert for SAC is going to be necessary and practical? Will this involve a substantial increase in the overflights of Canada on a continuing basis? Are there other ways in which the United States sees Canada being further involved in SAC operations?

11. It is understood that the United States will not need to have intercontinental ballistic missile bases in Canada and consequently we are not contemplating any plans in respect of such bases. If there is any change in this respect, we would wish to know at the first opportunity.

Note: Appendix 4† is a note from the Chairman of the Chiefs of Staff Committee on Canadian information on the present state of the U.S. deterrent force.

12. The danger that local incidents and wars arising from them may spread into global war gives us some concern over the means of dealing with local incidents requiring the use or at least the show of force to settle them. It would be helpful to have the U.S. appreciation of the ability of the West to handle by the use or show of force local situations which contain within them the seeds of wider conflict. Does the United States feel that there is value in using only conventional forces in such circumstances and does it feel that this is practicable under present conditions?

Note: Appendix 5† is the overall strategic concept for the defence of the NATO area. Canadian policy has been to support the general NATO doctrine regarding local incidents and NATO areas as set forth in NATO Document MC 14/2 of May 1957 noted in the appendix referred to above. In essence this requires the Allied Commander to be able to deal with border incidents without necessarily using nuclear weapons or massive retaliation. Outside the NATO

area it has been the Canadian policy to join in the use or show of force only as a deliberate United Nations measure rather than part of any particular alliance. The United States would no doubt welcome Canadian support and active intervention in other situations from time to time where the use of force on a modest scale by the West might help prevent Communist subversion or seizure of some areas. In particular, if this subject should be pursued, the United States may raise questions now of Canadian willingness to provide forces to resist Communist forces in Laos. Any Canadian action along these lines would involve a major departure in policy and raise serious questions as to whether the size, organization and equipment of the Canadian forces are adequate to implement such a policy.

Atomic Weapons

13. The Canadian Government has repeatedly endorsed and supported the efforts of the United States to limit as much as possible the spread of nuclear weapons at the independent disposal of national governments. As a contribution to this objective, the Canadian Government has on a number of occasions stated that it will not undertake production of nuclear weapons itself. Only the United States, the Soviet Union and the United Kingdom now produce and have control of nuclear weapons and the Canadian Government would prefer to see the production of such weapons confined to these countries. France is making a determined effort to achieve the production of atomic weapons and hopes thereby to qualify for U.S. assistance in their production and ultimately to become a nuclear power itself. It may be that Germany, Italy and perhaps other countries will at a later stage think it desirable to gain independent national control of nuclear weapons.

14. Does the United States feel that it is still important and feasible to limit the spread of nuclear weapons at the independent disposal of national governments and is there anything further that Canada can do to help in this policy which has had our full support?

[15. U.S. atomic legislation was designed to guard the secrets of the manufacture of atomic weapons. An important feature of the legislation is its requirement that the United States have custody and control of nuclear weapons (i.e. the nuclear war heads) which it may provide to other countries. To meet the requirements of the Alliance, the U.S. authorities have found it possible to interpret their atomic legislation to permit agreements with other NATO partners providing for joint control of the *use* of nuclear weapons provided by the United States. U.S. willingness to share control of nuclear weapons with their allies will, in the Canadian view, ease the political pressures engendered by national susceptibilities. The Canadian Government has recently proposed that Canada and the U.S. should share the further responsibility for release of the nuclear warheads from storage sites in Canada (MB1's at Goose Bay). If, in order to ease possible political difficulties for our European allies, Canada were to suggest that the U.S. share control over release of warheads from storage sites with the European partner on whose territory the stockpiles were established, we might create certain operational difficulties for our own forces in Europe. In effect, such arrangements might require, for example, German (or French) concurrence, in addition to U.S. consent, before weapons could be released to our forces in Europe. This operational difficulty could be avoided only if it were possible to secure advance agreement among the parties concerned or circumstances in which these weapons would be released more or less automatically.]

16. It is traditional in our two countries that the civil political authorities take full responsibility for any military action which the nation's forces may undertake. There has always been a dilemma as to how that authority can be exercised in time of grave urgency when the military situation demands instant decisions. That dilemma has become more difficult with the vast increase both in the destructive power of modern weapons and the speed of their delivery. Yet the proper exercise of the political authority becomes more important because of the great destructive power of these weapons and the possibility that a global nuclear war could destroy

much of modern civilization. It is recognized that the degree and method of control that is practicable may vary as between strategic and defensive weapons. It is essential, however, that the disposition and use of nuclear weapons should always be considered to be matters of high policy worthy of attention at the highest levels of government. Is it not desirable, therefore, to have the maximum political control over the use of these weapons? What are the views of the United States on this question?

Note: It is suggested that the U.S. authorities should not be asked at the meeting what delegation of authority to use nuclear weapons in fact is given by the President of the United States now because of the delicacy of implying any such delegation contrary to U.S. law. It is suggested that either the Secretary of State for External Affairs or the Minister of National Defence might find an opportunity to speak privately with their U.S. counterpart to satisfy themselves that the President has not delegated authority either to SAC or SACEUR for the use of nuclear weapons even though we understand he has done so by inference in the case of NORAD.

17. The equipment of Canadian and other NATO countries' forces in Europe with nuclear weapons will raise for us and other countries the question of whether national governments should exert control over the use of these weapons by their own forces under the command of SACEUR. The Canadian Government may soon have to reach a decision on this point particularly in respect of the limited strike role of the Air Division, and indeed may be asked about it during the next session of Parliament. It would be helpful to have the U.S. view on the desirability and practicability of such control in the light of their own experience and responsibility in this field. It is possible that the European partners of NATO may seek to achieve such political control over the use of nuclear weapons by the forces under SACEUR through using the NATO Council for this purpose. What does the United States think of this possibility?

Note: A paper from National Defence on political control of nuclear weapons in NATO is at Appendix 6.† An External Affairs paper on Canadian statements made previously is at Appendix 7.†

Special Canadian-United States Defence Problems

18. Many Canadians are sensitive about the extent to which it is necessary, in the joint interests of Canada and the United States, to have various U.S. Armed Service installations or forces in Canada. The Canadian Government fully recognizes the necessity for these joint or U.S. installations and bases. Part of the need for having U.S. participation in defence projects in Canada indeed arises from the broader Alliance in which we are both members. In the interests of the NATO Alliance as a whole, Canada maintains both Army and Air Force units in Europe. This inevitably means that Canada can do less than otherwise of the tasks that must be done in Canada in our joint interests. Because of the apprehensions that many Canadians feel over the presence of U.S. installations or forces in Canada, it is essential for the Canadian Government from time to time to satisfy itself as to the necessity for carrying on various defence activities in Canada, even when these appear to be more or less routine parts of general programmes. It is also necessary for this reason for Canada to attach conditions to such projects that will emphasize either their joint character or Canadian participation in them, or the exercise of Canadian sovereignty in regard to them. This action by Canada in scrutinizing and attaching conditions to such projects should not be taken as indicating any lack of common purpose with the United States, nor any lack of appreciation of the role which the United States has played in the joint defence of North America, or the leadership it has given to the whole of the Western world.

Note: No additional U.S. defence requirements on Canadian territory are presently expected. It is understood that the United States is prepared and even anxious for Canada to take over many of its defence establishments in this country. It may be recalled that the United States attempted to close down Pepperell Air Force base and concentrate the bulk of its activities in Newfoundland at Argentia and Harmon. The effect of this on the employment of civilians in St. John's, however, led to Canadian efforts to persuade the United States to postpone this action. Moreover, the United States has offered on several occasions to have Canada take over the operation of those elements of the Pinetree system which it is operating and the operation of the Dew line. At the present time the U.S. Government is acutely concerned both with its budget and with its overall balance of payments. Consequently it would seem desirable now to have these considerations in mind in expressing any concern over the scale of U.S. defence activities in Canada.

19. Several times during the past year, the Canadian Government has felt it necessary to express concern over the wisdom of carrying on major defence exercises at particular times. The first related to exercises to test the practicability of the air borne alert for SAC at the time when a crisis over Berlin appeared to be in the making. The second was over the timing of the Skyhawk air defence exercise when a major effort was under way to relax tensions between Russia and the West. We foresee possible questions of a similar nature, but perhaps more acute, arising in the deployment of tankers to northern bases at some time of international tension in the future. Our impression is that the U.S. authorities had not felt as much concern over these problems of timing in relation to the international situation as has the Canadian Government. It would be helpful to have an expression of the U.S. views on this question so that we can bear them in mind on future occasions.

Note: Papers have been prepared by both National Defence and External Affairs in regard to the re-scheduling of the Skyhawk exercise but are not included with this memorandum as they come up in connection with the specific item on the agenda dealing with this subject.

20. The Canadian defence forces and the Defence Research Board have been cooperating with the U.S. Services in the study of and research on a defence against the intercontinental ballistic missile. Canadian Ministers are aware of the intense work going on in this field and some of the problems to be encountered. The Canadian Government itself, however, is not yet sufficiently involved in the central work on this subject to be able to have reached any clear opinion as to whether there is much likelihood of any successful defence against such missiles being achieved. Is it the U.S. view that an effective defence can be created against the ICBM threat? If so, how long does it now appear likely to be before such a defence system will be available? Is such a system apt to lead to U.S. requirements for additional defence facilities in Canada such as radar installations?

Note: A note by the Chairman, Chiefs of Staff on Canadian views on the U.S. warning and active defence against the ICBM is attached hereto as Appendix 8.†

21. It is now suggested that there is no need at this meeting to raise questions concerning the chances of survival of the population of North America in the event of a nuclear attack. We have already considerable information from U.S. sources on this subject but it is very difficult to reach any quantitative conclusions on the matter at this time. It seems clear that the Russians have the capability of making an attack of such strength that a large proportion of the population and productive capacity of North America could be very quickly destroyed. As yet there are no effectively prepared measures for either evacuation of or shelters for the population to safeguard it against the weapons that could be delivered in such an attack notwithstanding the active defences. There are no important current differences of opinion or policy on the part of the two governments in this field at this time and there seems therefore no necessity for raising questions concerning it.

Disarmament

22. The substantial interest of Canada in progress towards disarmament stems from the very practical considerations mentioned earlier, such as the consequences of a possible thermonuclear war and the political and economic problems involved in sustaining a modern military programme indefinitely (and incidentally the strains imposed on relations between the United States and Canada). This interest is, no doubt, shared by the United States. Many of the difficulties mentioned previously might be lessened and many of the problems might be rendered more soluble if some advance could be made towards disarmament. How real are the prospects for disarmament, or at least for a reduction of armaments or a system for their control? What can be done to improve the prospects for effective agreement with the Soviet Union in this respect? What implications do these prospects have for the establishment of permanent military facilities, which require considerable time to construct and which involve the investment of large amounts of resources?

Note: A paper from the Department of External Affairs on Canadian views and policies in regard to disarmament is attached as Appendix 9.†

This document prepared by a Committee representing the Department of External Affairs, the Chairman of the Chiefs of Staff, the Departments of Finance and Defence Production and the Privy Council Office, at the request of the Cabinet Defence Committee.

R.B. BRYCE.

228. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], November 6, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

CABINET DEFENCE COMMITTEE REPORT
(PREVIOUS REFERENCE OCTOBER 24)

1. *The Prime Minister* reported on a number of subjects considered at a meeting of the Cabinet Defence Committee held the previous day in preparation for the meeting next week at Camp David of the Canada-United States Committee on Joint Defence.[238]

The Committee had agreed that the rocket range at Fort Churchill could be used by Canadian and United States scientific and military groups for upper atmosphere research and related purposes. It had approved a firing schedule for 1960, but indicated that firing tests of weapons beyond the eight Lacrosse weapons in the Schedule would not be approved.

The Committee referred to the Cabinet for decision the following items,

S. 15(1)

Staging of a large-scale air defence exercise in September, 1960.

A proposal that certain projects in Canada be included in the NATO infrastructure programme.

A memorandum[239] outlining the attitudes that might be adopted on several questions likely to come up at the meeting of the joint committee the following week.

2. *Mr. Diefenbaker* said that, during the Committee's discussions, he had emphasized to the military officers the importance of consultation on defence matters and of notification to Ministers well in advance of important proposals, so that the government would not again find itself in the position it was in last summer with regard to exercise SKYHAWK. It would have been a great mistake to have approved SKYHAWK, which would have taken place the day before Mr. Khrushchev made, as it turned out, a helpful speech in Peking. Would Khrushchev also have made the unobjectionable speech he did in the Praesidium of the U.S.S.R. a few days ago[240] if the exercise had been held?

The Committee had noted that the defence of the NATO countries rested mainly on the deterrent which was provided by the bomber force of the United States Strategic Air Command. This would continue to be the case for the next three or four years.

[texte supprimé /text deleted]

The U.S. did not anticipate requesting Canada for bases from which to fire Intercontinental Ballistic Missiles when they came into operational use.

[texte supprimé /text deleted]

In so far as the exercise next September was concerned, the Committee was inclined to the view that plans should be made for it, and the U.S. informed that it could be held provided conditions did not change for the worse. It had been suggested that the U.S. be requested to indicate the latest date at which it would be necessary to reach a decision on such an exercise being held in September.

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[238] Pour le procès-verbal de la réunion du Comité du Cabinet sur la défense du 5 novembre 1959 sur le stockage d'armes nucléaires dans des bases des États-Unis louées au Canada, l'organisation d'exercises de défense aérienne à grande échelle et les projets d'infrastructure de l'OTAN, voir les documents 187 et 213.
For the minutes of the November 5, 1959, Cabinet Defence Committee meeting discussing the storage of nuclear weapons at leased U.S. bases in Canada, the staging of large-scale air defence exercises, and NATO infrastructure projects, see Documents 187 and 213.

[239] Voir le document précédent./See the previous document.

[240] Pour des extraits du discours prononcé le 31 octobre 1959, voir *The New York Times*, November 1, 1959, p. 16.
For excerpts of this speech, delivered on October 31, 1959, see *The New York Times*, November 1, 1959, p. 16.

It was important for the Ministers attending the Washington meeting to express precisely and clearly Canada's stand on the matters being discussed and not merely hold diplomatic exchanges which would leave U.S. Secretaries guessing. A balance had also to be struck between cooperating with the U.S. and protecting Canada's interests. As far as disarmament was concerned, despite all the talk, he could see little chance for progress.

3. *The Secretary of State for External Affairs* felt that the government's decisions on these matters should be governed by the prospects for disarmament which, at the moment, he felt to be quite good. Nearly everyone he had encountered was concerned and indeed frightened over the future. The U.S.S.R. had agreed to study carefully proposals made by U.S. experts on atomic tests. De Gaulle thought there was a good chance for an agreement on missiles which would be better than trying to deal with warheads. Norstad had sound ideas on disarmament. Canada was in a good position to exercise her influence, which was what the U.K. hoped we would do, and make an important contribution. The only people who were being really intransigent were certain elements in the Pentagon.

4. *During the discussion* the following points emerged:

[texte supprimé /text deleted]

but the logical consequence of failure to support the deterrent was to reduce defence expenditures and not participate in the alliance.

[texte supprimé /text deleted]

As soon as the alliance weakened, the Russians would revert to their former aggressive posture. The domestic political consequences would be severe if it became known that Canada was unwilling to do what was reasonable with the U.S. for the defence of North America.

[texte supprimé /text deleted]

This, together with the other controls described to the Committee, were surely adequate safeguards against precipitate action. In any event, the Committee's view was that no decision be reached at this time but that the matter be further explored at Camp David and a full and frank discussion held on the matter with U.S. Secretaries.

[texte supprimé /text deleted]

(i) The Committee's approach to the air defence exercise was the sound one. On the other hand, it would be quite understandable if the Russians were nervous about such an exercise which would involve hundreds of bombers flying north at the outset. Furthermore, an exercise would be bound to be discussed in the U.S. election campaign next year.

(j) Against this it was argued that the government was not now agreeing to hold the exercise and that the U.S. had to start making the necessary financial arrangements now for the next fiscal year. An outright refusal at the present time would simply not be understood. The exercise would be announced well in advance.

5. *The Cabinet* noted the report of the Prime Minister on the subjects discussed at the meeting of the Cabinet Defence Committee held the previous day in preparation for the meeting on November 8th and 9th of the Canada-United States Committee on Joint Defence and,

(a) approved the outline he described of the attitudes to be adopted in the general discussion on defence questions, based upon the document considered by the Committee (after deletion of paragraph 15), subject to the observations noted below S. 15(1) and on the staging of an air defence exercise similar to Skyhawk in September, 1960;

[texte supprimé /text deleted]

(d) agreed that the U.S. proposal for staging a large scale air defence exercise in September, 1960, similar to Skyhawk, be fully discussed, that the United States be informed that Canada would have no objection to preliminary plans being made for such an exercise, that the United States be requested to indicate the latest date at which it would be necessary to reach a decision on such an exercise being held in September, and that the United States be informed that Canada would be prepared to reach a definite decision on holding the exercise by such date; and,

(e) agreed that, should the United States raise the proposal of the Supreme Allied Commander Atlantic for including in the NATO infrastructure programme certain projects on Canadian territory, they be informed that the Government did not wish to have infrastructure projects in Canada.

. . .

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Procès-verbal de la réunion
du comité ministériel Canada-États-Unis
sur la défense commune

Minutes of Meeting of Canada-United States
Ministerial Committee on Joint Defence

TOP SECRET [Camp David], November 8, 1959

The United States was represented by:
Mr. Herter (Chairman) - Secretary of State
Mr. McElroy - Secretary of Defense
Mr. Scribner - Acting Secretary of the Treasury
Mr. Gates - Deputy Secretary of Defense
Mr. Wigglesworth - United States Ambassador to Canada
Mr. Merchant - Deputy Under-Secretary of State for External Affairs
Mr. Irwin - Assistant Secretary, Department of Defense (International Security Affairs)
Gen. Twining - Chairman, United States Joint Chiefs of Staff
Brig. Gen. Whisenand - Special Assistant to the Chairman, United States Joint Chiefs of Staff
Mr. White - Deputy Assistant Secretary for European Affairs, Department of State
Mr. Widman - Department of the Treasury
Mr. Willoughby - Department of State
Col. Kreps - Office of Canadian Affairs, Assistant Secretary of Defense, (I.S.A.)

Canada was represented by:
Mr. Green - Secretary of State for External Affairs
Mr. Fleming - Minister of Finance
Mr. Pearkes - Minister of National Defence
Mr. O'Hurley - Minister of Defence Production
Mr. Robertson - Under-Secretary of State for External Affairs
Mr. Golden - Deputy Minister, Defence Production
Gen. Foulkes - Chairman, Chiefs of Staff Committee
Mr. Plumptre - Assistant Deputy Minister of Finance
Mr. Ritchie - Assistant Under-Secretary of State for External Affairs
A/V/M Hendrick - Chairman, Canadian Joint Staff, Washington
Mr. McCardle - Department of External Affairs

Mr. Herter welcomed the Canadian Delegation to Camp David and said it was his understanding that the group wished to deal first, in general discussion, with international developments which might affect Canada-United States defence planning and then deal with a number of specific questions of concern to the two governments in the defence field.

2. Because the group was meeting at Camp David, it might be appropriate to begin with some reference to the talks which the President had had at the same site with Mr. Khrushchev.

3. The United States invitation to Mr. Khrushchev had resulted from a number of factors. It had become apparent from the exchange of visits by senior United States and Soviet representatives that Mr. Khrushchev had certain misconceptions concerning the United States and that, therefore, he should be given the opportunity to see the United States for himself. Another factor had been the lack of headway which was apparent in the extended talks at Geneva earlier this year. Finally, it had become apparent that Mr. Khrushchev did not give much, if any, leeway to his representatives and that most important state business had to be done with him personally.

4. *Mr. Herter* said that at the opening of the Camp David talks, President Eisenhower had made clear to Mr. Khrushchev that so long as there was pressure on Berlin he, as President, was not prepared to discuss any of the substantial issues on which there was a difference of view between the two governments Mr. Herter had talked to Mr. Gromyko in the same terms. This led to a very unpleasant frame of mind developing on Mr. Khrushchev's part and it was some time before the thaw set in and discussions were resumed.

5. Agreement was reached on two important matters which were reflected in the communiqué issued after the meeting.[241] The first of these was an agreement that disarmament was one of the most important issues for both countries and that some progress in this field was essential. It was agreed, as well, that all outstanding issues between the two countries should be settled by peaceful means. It was further agreed, although not reflected in the communiqué, that if the President stated publicly that any time limit on the Berlin negotiations had been lifted, Mr. Khrushchev would confirm this understanding in Moscow. This both of them later did.

6. Mr. Khrushchev himself raised the China question. He asked if there had been any change in United States policy. The President said there had been none. Mr. Khrushchev said that the Soviet Union's view of the situation was very different from that of the United States. The Soviet Union regarded Chiang Kai-shek as a mutinous General and believed that his government in Peking was justified in using force to get rid of him. The United States was helping this mutinous General with force. The U.S.S.R. regarded itself, therefore, as justified in assisting Peking, if necessary, to regain what in effect was revolutionary territory. President Eisenhower said there was obviously a basic difference of opinion between the United States and the Soviet Union on this issue and that there was therefore little use in carrying the discussion further at this time.

7. *Mr. Herter* said that there had been indications that Mr. Khrushchev, while in Peking, had tried to get the Chinese to moderate their stand somewhat but without success. It was significant, however, that while in Peking he did distinguish between wars of liberation and imperialistic wars. He had indicated that the Taiwan situation was not, in his opinion, an international affair. Mr. Herter believed that we could not assume that the agreement in the Camp David communiqué concerning the settlement of outstanding issues by peaceful means bound the Russians with respect to the differences between Taiwan and Peking.

8. Mr. Herter said that it was agreed at Camp David that the negotiations concerning Berlin would be continued but no date was set for the reopening of these negotiations. He went on to say that the "Camp David spirit," as it had been interpreted, had perhaps raised some false doubts around the world which were causing certain difficulties for the United States. He said that the United States maintained an interested but skeptical mind on the results of the Camp David meetings. The door had been opened for better communications between the United

[241] Voir/See *Department of State Bulletin*, Vol. XLI, No. 1059 (October 12, 1959), pp. 499-500.

States and the Soviet Union — no more, no less. It was now a favourite line of the Communist representatives at the United Nations that the Cold War had been liquidated and that, therefore, the United States should agree with all Soviet proposals. This was obviously not the United States view.

9. *Mr. Herter* said that he believed Mr. Khrushchev had been impressed by the size and power of the United States in the course of his visit. There was evidence that he had been very angry with his Ambassador in the United States over misrepresentations of the domestic scene in the United States. It seemed that he had indeed expected to see breadlines and downtrodden Negroes. In any event, Mr. Khrushchev's public statements had softened somewhat since the visit. The United States was mildly concerned at the eagerness of other countries to believe that the Camp David meeting had opened a completely new era of Soviet-United States relations. The United States believed that too much optimism in this regard could only create difficulties, especially in countries where domestic Communists had considerable strength.

10. *Mr. Herter* said he would be particularly interested in hearing Mr. Green's general appreciation of the situation as a result of his recent visits to the United Nations and Europe.

11. *Mr. Green* said that he had sensed a good deal of frustration within NATO and that a number of members of the Council felt that considerable improvement was necessary in the consultative processes of the Council. He said that Canada believed there should be more consultation in the Council and admitted that Canada itself should perhaps be prepared to express itself more concretely on particular issues in the Council than it had been willing to do in the past. He said that both the French and the British had discussed with him, while he was in Europe, the criticism that had developed that the big powers were just sitting at the Council and not discussing frankly some of their differences of view on major international issues. French and British representatives had admitted that on occasion they had believed it unwise to air in the Council some of their differences on major issues. *Mr. Green* said that he had argued that from the Canadian point of view it seemed sensible that these differences should be discussed openly in the Council. They were aired in any case eventually in the press and quite often differences of opinion which did exist were magnified out of all proportion. Mr. Green said that General de Gaulle seemed to be impressed with this argument and had indicated that he would attempt to have the French representative in the Council speak fully and frankly on important issues. Mr. Macmillan had taken the same line. Mr. Green expressed the hope that the United States would share this view for he believed that it was only with such frank discussion that effective consultation within the Alliance could be achieved.

12. *Mr. Green* went on to say that Canada was worried by the developments in NATO which suggested a breaking up into regional groups for political consultation. Canada did not like the idea of the Six, or of the Seven, reaching decisions among themselves and bringing these decisions to the Council as *faits accomplis*. Mr. Spaak's plan for consultation on a regional basis, while obviously well intentioned, was even less attractive to Canada. Under his plan, Canada did not even enjoy the status of a second-class member for Canada would not be represented in the committees proposed. *Mr. Green* said he wished it to be clear that so far as NATO was concerned, Canada could not accept the idea of first- and second-class members in NATO. Any such development would make it impossible for Canada to remain within the Organization.

13. *Mr. Green* said that he got the impression that both the British and the French were genuinely anxious to avoid special groupings within NATO and he hoped that this spirit would prevail. He believed that there was a great deal of spadework to be done in NATO with respect to both the forthcoming Summit meetings and the disarmament discussions which would be convened. He said he would like to see the NATO Ministerial meeting begin before the Western Summit meeting in Paris and he would like, as well, to have a report made to the

Council from the Western Summit meeting. In his estimation, this was the only way that Canada and certain other members of NATO could take their part in the making of decisions which affected all members of the Western Alliance.

14. In summary, *Mr. Green* said that Canada was concerned with the development of greater political cohesion in NATO's approach to major international events. Canada was heavily committed in a military sense to NATO and had underlined that commitment most recently in announcing its decision to re-equip the Air Division in Europe at a cost of some $400 million. He believed that political and economic developments among the members of the Alliance were of special concern to Canada and the United States and that it was essential, therefore, to do more within the Organization to develop acceptable approaches on major policy issues.

15. *Mr. Herter* said the United States Government fully shared Mr. Green's views as to the necessity of adequate consultation with NATO on major issues of concern to the West. The United States had found itself in a very embarrassing position in the course of the Geneva discussions. For weeks nothing was going on at Geneva but a procedural wrangle and an examination of the concept of what an East-West Summit meeting should be; i.e., whether it should be a one-time affair or a series of recurring discussions. Mr. Herter realized it was difficult for NATO to believe that so much time was being spent on these essentially procedural issues but that this, in fact, was the case. For weeks literally nothing of substance was happening. Even now there was no firm agreement between the United Kingdom, the United States and France on the agenda, the place or even the date of an East-West Summit Meeting.

16. Mr. Spaak's proposal for a merging of the NATO and the Western Summit meetings at Heads of Government level had not been acceptable to the United States primarily because it would have caused procedural chaos for the President. Protocol would have demanded that he see all the Heads of State and his time-table would simply not have permitted it. The United States did not object, however, to a continuation of the Council meeting after the Western Summit meeting and would be prepared to do its share in discussing with the Council the views which emerged at the Western Summit.

17. *Mr. Herter* said that it looked to him as if the East-West Summit would be delayed for some time. The United States was attempting to get a solution of some of the procedural differences via the Ambassadors concerned in Washington. The Germans at the moment wanted the Summit meeting to concentrate on disarmament. The British saw the meeting only as the first of a series. The French seemed to believe that an elaborate agenda was required.

18. *Mr. Green* said he had got the impression in Paris that the French did not envisage reaching a settlement of all the major issues at one Summit meeting. General de Gaulle seemed to believe that a series of East-West Summit meetings would be required. This, too, was Prime Minister Macmillan's approach. Couve de Murville had not been able to understand why the British seemed to be pressing for a settlement of the Berlin issue at the Summit at a time when, in his view, the West could only lose on any settlement reached. *Mr. Herter* said he was encouraged by Mr. Green's appreciation of the French attitude. The United States had been ready to take the Summit in stride after the Camp David meetings without any great expectations that much would be settled immediately. The United States believed that the momentum of Camp David should be continued. This had not seemed to be a view shared by either the French or the Germans. It seemed that General de Gaulle was anxious to have a visit from Mr. Khrushchev and visits by himself to the United Kingdom and the United States prior to the East-West Summit. If General de Gaulle's time-table were followed, the Summit was a good deal further off than seemed desirable to the United States. So far as the United States was concerned, the period of late February to early April looked good. *Mr. Herter* said that the United States Government thought that General de Gaulle had been extraordinarily high-handed in his dealings on this subject. President Eisenhower had gone out of his way to attempt

to accommodate de Gaulle by going to France at a time when it was difficult for de Gaulle to visit the United States. He had received no word of thanks for his attempts to accommodate the French. *Mr. Herter* was concerned that de Gaulle's cavalier performance might carry into substantial matters. Certainly the United States Government was not at all happy with the manner in which he had conducted himself to date on the question of arrangements for the Summit meeting.

19. *Mr. Herter* went on to say that the United States shared Canada's concern at the hiving off of members of the Alliance, whether in Sixes, or Sevens or Threes. The United States had fought against an institutionalized triumvirate as proposed by de Gaulle. The United States was fully conscious of the importance of holding the Alliance together and of avoiding regional groupings within it.

20. *Mr. Green* said that he believed that NATO morale was on the down swing and had to be lifted. A new sense of cohesion in the political field had to be imparted. He believed that the meeting of powers at the Western Summit gave the opportunity to provide this necessary lift and he hoped that the opportunity would not be missed.

Disarmament

21. *Mr. Herter* said that when thinking of the substance of the Summit discussions, the question of disarmament loomed large. The United States was not technically prepared at the moment to discuss possible new approaches to disarmament in detail. The Coolidge Report was expected early in January. Thereafter a good deal more work would have to be done on details. He did not think that the "processing" of the Report would be accomplished until February or March of 1960. The question, therefore, arose as to whether it would be better to postpone disarmament discussions until after the East-West Summit meeting if one could be arranged in the spring.

22. *Mr. Robertson* said that his past experience with disarmament discussions led him to be impressed with the necessity of getting the Western position on disarmament straightened out after the United States was able to take a firm position on details. In the circumstances, it might be better, therefore, to think in terms of delaying the disarmament discussions until after the East-West Summit. *Mr. Green* said that he had the impression while at the United Nations that all members were watching for some move by the Committee of Ten to reopen the discussions. He was inclined to believe that there might be a great let-down if meetings of the Committee were too long delayed. *Mr. Fleming* asked what bearing the disarmament discussions might have on the visit of President Eisenhower to Moscow.

23. *Mr. Herter* said that no date had been set for the President's visit to Moscow. After July the President would find it difficult to act without consulting the two candidates who would have, by that time, been chosen to contest the Presidency. It was essential in the United States view, therefore, that the East-West Summit meeting be held before July. It was also desirable that the President's visit to Moscow should come some time before July. The United States authorities would like the President's visit to follow after the East-West Summit meeting. They believed that Mr. Khrushchev would be on his best behaviour at least until President Eisenhower's visit to Moscow was completed. They believed that Mr. Khrushchev wanted to work with President Eisenhower for he had made it clear at Camp David that no commitments entered into there on his part would extend beyond President Eisenhower's term of office. United States authorities thought it important, finally, that the commitments which the President might enter into in the course of the East-West Summit meeting, or his visit to Moscow, should not become issues in the United States election campaign. There was a good deal to be said, therefore, for as early a scheduling of the East-West Summit meeting as possible.

24. *Mr. Green* asked what effect disarmament proposals might have on NATO in so far as its military operations were concerned. He said he had asked General Norstad recently the same question and has been impressed by the amount of careful attention which General Norstad had given to the subject.

25. *Mr. Herter* said that the United States had assumed commitments to both NATO and the United Nations in so far as disarmament was concerned and would certainly have in mind those commitments in anything it said or did with respect to disarmament. He said the United States was studying General Norstad's suggestions with a good deal of interest. These suggestions had been made in the context of surprise attack discussions. They involved a proposal to take a section in Europe and attempt to install a system of both aerial and ground inspection. In that same area, some reduction of forces might be attempted. There might, as well, be some overlapping of early warning radar in the area. The French had objected strongly to the proposal and it was uncertain what its future might be.

26. *General Twining* said he believed that great caution would have to be exercised in proceeding with even pilot schemes for disarmament for the Russians would like nothing better than to get the West in a position of weakening its military posture. *Mr. Herter* agreed that we must not be tempted by visions of early disarmament to a hasty letting down of our guard.

Far Eastern Situation

27. *Mr. Green* said that before moving too far in discussion from consideration of Mr. Khrushchev's present state of mind, he would be interested to have a United States assessment of what effect the Chinese had on Mr. Khrushchev's moves and thoughts. *Mr. Herter* said that he was convinced that Mr. Khrushchev worried a good deal about Peking's attitude. Only a few days ago he had refused to take sides in the dispute between India and China.

28. *Mr. Fleming* asked Mr. Herter to elaborate, if he would, on the thoughts behind his recent statement concerning the responsibility of the Soviet Union for actions taken by its communist associates. *Mr. Herter* said that he had emphasized that Khrushchev must take a degree of responsibility, not necessarily full responsibility, for the actions of his associates. If the Russians claim leadership of the communist alliance, as indeed they did, surely they must exercise some of the responsibilities of leadership. In so far as Peking was concerned, he recognized that this would create difficulties for Khrushchev. He believed that there had been evident lack of warmth in Peking's reception of Khrushchev after his return from the United States.

29. *Mr. Green* asked if the United States believed that China, by itself, was powerful enough to represent a real military menace to the Western world. *Mr. Herter* said that perhaps this was not the case at the moment but he believed that if China could hold its economy together under its present leadership and if that leadership maintained its determination to make itself a great power, then indeed at some future date China could pose a real threat to Western security.

30. *General Twining* said that we must not forget the example of Japan. Within fifty years it had raised itself by its own bootstraps from a small to a great power in military terms. The West had every reason to be worried about developments in China. China had the resources, the manpower and the brains to duplicate and to better anything that Japan had done earlier in the century. There was no sign at the moment of Russian assistance to the Chinese in the matter of nuclear weapons but if the Russians were disposed to help, he saw no reason why the Chinese could not themselves produce nuclear weapons. There was a great deal we did not know about China, and this perhaps was another reason for concern. *Mr. Herter* said that the United States had been chided for not recognizing China if for no other reason than to maintain a diplomatic listening post within the country. He was inclined to believe that the West could learn as much at the moment from such places as Hong Kong as could be learned through the

establishment of diplomatic relations in Peking. Certainly the United Kingdom had been discouraged by its experiences in this regard.

31. *Mr. Pearkes* asked what the situation was in the off-shore islands. *Mr. McElroy* said that Quemoy was still heavily garrisoned with some of the best forces that Nationalist China had. Matsu was well garrisoned and supplied too, although not nearly so strongly as Quemoy. There was no evidence that any build-up was going on on the mainland to threaten Taiwan or the off-shore islands. Peking remained as belligerent as ever in words but did not seem to have anything immediate in mind in military preparations. He believed that as long as Taiwan remained as strong as it was, it would be costly for the Chinese to launch an attack on the off-shore islands.

32. *Mr. Green* wondered if there was any possibility, over the long term, of Japan being able to hold China in check. *General Twining* said he thought there was no such possibility and this, too, was cause for concern. *Mr. McElroy* said that Japan was not a military power and was not likely to be in the foreseeable future. A halter had been put on the Japanese development of military forces when the Peace Treaty was written. The United States was now encouraging a build-up of Japanese forces but the Japanese themselves were disenchanted at the idea of being a world military power. Prime Minister Kishi fully agreed with the necessity of strengthening Japan's self-defence forces and could be expected to give the necessary political leadership in this regard. In terms, however, of the potential military power of continental China, there was no likelihood of parity.

33. *Mr. McElroy* said he believed that if the West wanted to encourage the development of a strong Japan in the military sense, it would be possible for Japan to be a counterfoil to Chinese power in the area but only in combination with the West. In the foreseeable future it largely devolved on the United States to offer assistance to Japan in this regard. The burden on the United States of security responsibilities for that part of the world was the cause of real worry to the United States Government. However, it was a burden which was dictated by the impertinence of China through the periphery of Asia. Okinawa remained a key bastion of defence in the area. So, too, were Taiwan and the Philippines. The United States intended, as well, to maintain its forward deployment of fleet units in the area. The commitment of fleet units was heavy. The assignment of fleet units was something in the order of 55% for NATO commitments in the Atlantic and 45% for commitments in the Pacific.

34. *Mr. Green* said he would welcome an expression of United States views on the current situation in Laos, a situation in which Canada was interested because of service on the Indochina commissions. *Mr. Herter* said that the Laotian Prime Minister had been in the United States recently for medical treatment but had returned home to face real political problems. The situation shifted very rapidly from day to day in Laos. The Government was none too strong and had the most primitive communications with outlying areas, especially those border areas in dispute. It could be said with some certainty that Laos had cost the United States more in cable costs than any country in the world. The United States fully supported the efforts of Mr. Hammarskjöld with respect to Laos and understood that he himself was going there in the near future and would leave someone to represent him in the country. It was very difficult to find a satisfactory answer for a situation such as Laos and he believed that nobody could really foresee what settlement would be satisfactory.

35. *Mr. McElroy* said that in company with the French, the United States were training Laotian forces to deal with subversion of the kind that was being experienced now in the border regions of Laos. The United States believed it important to build up this anti-subversive capacity. If local forces could not deal with subversion, they were certainly of no use whatsoever. It was his view, therefore, that if the United Nations could reduce the number of

fire alarms, this essential training could be continued with some hope that in the foreseeable future the Government of Laos could at least provide for its own internal security.

36. *Mr. Fleming* wondered what could be done if the situation there were to fall apart no matter what efforts were made by the United Nations. *General Twining* said that in this respect recent actions taken by the SEATO powers had been most encouraging. The members of SEATO had indicated their willingness to contribute forces to defend Laos against external aggression if that should become necessary. Plans to meet such an eventuality were going forward at the moment and the spirit which was being demonstrated by the members of SEATO was most encouraging. *Mr. McElroy* said the strategic situation would be extremely serious if Laos were to fall victim to subversion or external aggression by the communists. If Laos were to become communist controlled, a positive threat would be posed to South Vietnam and Thailand, in neither of which countries were the governments too stable.

37. *Mr. Green* said this brought to mind the question of dealing with what might be called old style troubles by the limited application of conventional force. *Mr. McElroy* said that he believed each incident which might arise in this regard would have to be treated as it came about. In neither Lebanon nor the Taiwan Straits did the United States have to use weapons. The United States Government, however, believed that a show of United States force in these cases, and in similar cases which might arise, was the really essential factor in heading off serious military trouble. Deliberate ambiguity was allowed to exist as to the United States intentions with regard to the off-shore islands but the Chinese had made this situation easier by so obviously directing their ire against Taiwan itself. The United States would much rather enter into actions of this type in company with others, but if necessary it had to act and would act on its own responsibility. *General Twining* said that he believed the rapidity of United States action in the Lebanon situation had, in itself, a calming effect. *Mr. McElroy* agreed and believed further that appropriate statements of United States policy at the highest level were equally significant in preventing incidents such as Lebanon or Taiwan from going from a simmer to a boil.

38. *Mr. Pearkes* asked if it would not be the intention of the United States to wait for a United Nations request with respect to local incidents that might arise. *Mr. Herter* said that this was not necessarily the case. The United States had many types of agreement around the world in the NATO area, the Far Eastern area, the Middle East and South America. Some of these were multilateral, others were bilateral. They were all, however, purely defensive and any action taken by the United States in any of these areas would be defensive and would be directed to preventing the spread of local incidents to more serious proportions.

39. *Mr. Fleming* said he had often wondered what would happen in Taiwan when Chiang Kai-shek died. *Mr. Herter* said it was difficult to speculate. *Mr. McElroy* said he believed that Nationalist China would not disintegrate overnight in such an event. The Vice-President was one possible successor and there were others. There would be a period of uncertainty, of course, and the same would apply in the event of Syngman Rhee's death in South Korea. Neither of these countries, however, would collapse. He believed the Taiwanese had a real stake in the Island's future and although they were unlikely to take over the reins of office from the mainland Chinese on the Island, they were proving themselves to be good troops with high morale and prepared to assume a full share of responsibility for defence of the Island against communist attack from the mainland.

40. The meeting reconvened after dinner and it continued its general discussion. It was agreed to deal first with general developments in the military threat to North America and our capacity to respond before consideration was directed to specific joint defence projects.

The Military Threat

41. *Mr. McElroy* said that the members of the group would be familiar with the agreed intelligence estimates of the United States and Canadian services at the technical level and that he, therefore, proposed to speak only in broad terms of the threat and of its effect on defence planning.

42. The threat to North America at the moment was almost exclusively a bomber threat and it was a threat which affected both Canada and the United States equally. We had to assume that the nature of that threat would change significantly over the next five or six years. There was no doubt that the inter-continental missile would, in due course, become the principal threat to North America. North America had no active defence against missiles and *Mr. McElroy* said he did not feel able to say when North America would have any active defences against the missile. He said theoretically it was possible to head off incoming objects. However, as a conservative estimate it would cost $10 to $15 billion to protect forty per cent of North America's population. The problem of incoming missiles was made immensely more complicated by the ability to send in decoys as well. We had no suitable answer at the moment to the question of how we could discriminate between warheads and the decoys. The United States was not budgeting for the *production* of the NIKE-ZEUS, the anti-missile missile. Money would be provided for a continuation of *research* on the NIKE-ZEUS.

43. *Mr. McElroy* continued by indicating the difficulties faced in developing a budget and in deciding what funds should be devoted to research in this field as opposed to an increase in the strength of the offensive deterrent forces. It was, as well, essential, in the United States view, to continue to devote substantial amounts of funds to the strengthening of anti-bomber defences. The United States would reduce its expenditures in this regard but certainly would retain anti-bomber defences for the indefinite future. In the United States view, these expenditures were essential because the bomber would remain an important element of any attacking force for the foreseeable future. The missile was a blind weapon. The essential targets for an aggressor in so far as North America was concerned were the deterrent force bases. Destruction of such targets called for a precision which was not within the capability of the first generation missiles. Hence bombers would be required to provide the essential eyes in the period just ahead.

44. Equally important, therefore, was the retention of some interceptor forces, although perhaps on a reduced scale. In response to a question, *General Twining* said that there was no firm indication that the Soviet Union was building an active defence system against missiles.

45. *Mr. McElroy* said that of course Canadian Ministers were aware of the efforts which were being made to erect a ballistic missile early warning system, the passive element of any anti-missile defence system. BMEWS stations were being established at Thule, Greenland, and at Clear, Alaska. A third station would be established in Scotland. These three, when completed, would provide a full arc of coverage of possible Soviet launching sites. The co-operation of the Canadian Government in providing back-up communications facilities for the BMEWS stations at Thule and Clear was an essential and significant contribution to the development of this early warning system.

46. *Mr. McElroy* said that efforts in the research field on NIKE-ZEUS (to the extent of some $300 million annually) would be continued. The United States was also doing upstream research on more sophisticated schemes for anti-missile defence. Most of these schemes were testing the boundaries of science. They were within the expectation of the scientific world but there was no optimism that an operational defence system could be built even by 1970. In the circumstances, it was essential to keep the bomber force at the highest state of efficiency. If the bomber force was allowed to deteriorate we would really fail in our effort to mount an effective deterrent.

47. The life for the bomber as an element of the deterrent had been extended considerably by the HOUND DOG missile. This was a missile with a 500-mile range and a sizeable nuclear warhead which could be mounted under the wings of the B-52 bomber without sacrificing the flying capabilities of the bomber. The bomber, as well, could continue to carry its load of bombs. This gave the bomber a stand-off capability which would create real problems for the Russian anti-bomber defence system. For this reason, the United States planned to buy B-52 bombers for the indefinite future. The Russians, as well, were building bombers but not at the same rate as the United States. They did not have in their inventory at the moment anything like the heavy bomber strength of the United States (perhaps 100 as opposed to 500 for the United States). The Russians were working like beavers on anti-bomber defences but the stand-off capability of the B-52, especially if the range of the HOUND DOG could be increased, would present almost insuperable problems to the Russians.

48. From United States testing, it had become apparent that it was possible to reach a surprising degree of accuracy with ICBM's and IRBM's. It followed, therefore, that the Russians must be equally capable of producing missiles with such qualities of precision. It was not possible, however, to reach any sound judgment as to how fast the Soviet Union would commit its resources fully to missile production. The Russians might well move slowly in producing operational missiles. Certainly the United States intended to move slowly in so far as the first generation of ICBM's was concerned. In spite of the surprising accuracy which it was possible to obtain with present missiles, their reaction time was very slow. This was primarily a result of the fueling system. When it was possible to obtain a dependable, solid, propellent fuel, or a storable, liquid fuel, missiles would be a good deal more acceptable as operational weapons. The United States, in the circumstances, did not wish at this stage to buy too many of the first generation missiles and was inclined to believe that the Russians would make the same judgment.

49. The deterrent force was made up of five main elements:

(1) The B-52 with the HOUND DOG missile;

(2) Atomic submarines with the POLARIS missile;

(3) Limited numbers of ATLAS ICBM's;

(4) Missiles under development which stood somewhere between the ATLAS missile and the eventual objective of a solid propellent missile. These would be powered with storable fuel and would be produced in limited numbers;

(5) Bombers launchable from ships and from overseas bases.

50. The United States Government had decided that submarines capable of carrying sixteen POLARIS missiles should be produced at the rate of three submarines a year beginning immediately. It was expected that the first submarine complete with missiles would be on station within a year and within range of its possible objective. At the moment the range of the missile was in the order of 1,200 to 1,500 miles but there was always hope that this range could be lengthened. This production rate could be stepped up at any time but here, as in the case of the first generation of ICBM's, the United States Government believed it wise to move slowly in order to guard as much as possible against speedy obsolescence.

51. These elements of the deterrent were regarded as having first priority on the United States defence dollar. The security of the United States, and the Free World in the final analysis, depended on this deterrent force. In addition, the strength of the United States negotiating position with the Russians depended in the final analysis, on the strength of this deterrent force. In themselves, defence expenditures were sterile expenditures. They could be justified not by the hardware which they brought into being but only by the contribution which they made to the preservation of peace.

52. *Mr. Pearkes* said the intelligence available to the Canadian Government bore out what Mr. McElroy had been saying about the importance of an adequate air defence system, including both early warning and interceptor facilities. So far as the BMEWS system was concerned, Canada's contribution involved facilitating the means of communication to serve the early warning radar in both Thule, Greenland, and Clear, Alaska. The Canadian Government was anxious to do all it could to contribute to the improvement of these essential communications.

53. The Canadian Government agreed that the bomber threat was diminishing although it would still be essential for some years to come to provide anti-bomber defences. Most of these defensive facilities were established in the East from the Great Lakes to the East Coast. There were eight squadrons of CF-100 interceptors in this area with a ninth squadron on the West Coast. A SAGE centre was being established near North Bay and the BOMARC sites would be established in the East as well. While it might appear desirable to place interceptors further North in Canada, such a deployment would involve the problem of radar to control the fighters.

54. The defence authorities in Canada were worried by the prospect that the Soviet Union might develop bombers with stand-off capability such as the United States now possessed. At the moment there was no protection available to Canada against such a weapon. Canadian interceptors could not reach out far enough to handle this kind of bomber if it came into the Soviet armoury.

55. The Canadian Government was also concerned at the lack of active defence facilities between the Great Lakes and the Rockies. The Canadian Government realized that the early warning system in North America was designed primarily to provide warning for the retaliatory SAC force. It had to be accepted, in the circumstance, that very little, if any, protection could be afforded to the civilian population. The Canadian Government would, however, be interested to know what United States facilities were available which might help in the defence of that area of Canada between the Lakes and the coast. If when the BOMARC's were established in Canada it proved possible to move some CF-100 squadrons further North, might it be possible for some United States facilities to be used to a greater extent than at present for the active defence of this Western area?

56. *Mr. McElroy* said that the only obvious answer to this problem would be to move interceptor squadrons further North in Canada. However, this was only a partial answer of a temporary nature. The only real defence was the ability to destroy all potential aggressors. Active air defences could be spread so widely that governments would run out of funds in providing the forces, or perhaps even worse, run out of funds for modernizing the offensive capability of the retaliatory forces. The weakening of the retaliatory forces would, in the United States view, be the worst development possible.

57. If one considered the threat which would be posed by a Soviet bomber with stand-off capability, the difficulties of providing an adequate air defence seemed almost insuperable. United States plans at the moment did not take this threat into consideration because the Soviet Union did not have this type of equipment as yet. This had been part of the background to the decision taken recently by the United States to cancel further development of the F-108 interceptor. This interceptor, with a 1,000-mile range, Mach-three speed and radar of its own, had been an attractive weapons system. Several billions of dollars had been spent on it before the United States Government had finally decided to abandon further development. This decision was taken with a good deal of difficulty but, in the circumstances, seemed to be the right decision.

58. *Mr. Pearkes* asked if it was still the firm intention of the United States Government to go ahead with the installation of BOMARC missiles and the accompanying radar improvement programme in Western Canada. *Mr. McElroy* said it certainly was the intention of his

authorities to proceed with the installation of BOMARC in accordance with the current air defence plan. It was essential, however, never to have our feet in concrete and to maintain sufficient flexibility in planning to meet any significant changes in the threat which might develop. *Mr. Pearkes* said that the Canadian Government would be greatly embarrassed if there was an abrupt change in plans concerning the installation of BOMARC's. *Mr. McElroy* said he appreciated this concern and believed that the two governments should proceed on the basis of the most detailed and complete consultation on the changing nature of the threat.

59. *Mr. Pearkes* said that while the CF-100 aircraft was still a good aircraft, it would not remain adequate for many more years. There had been a series of discussions between the Canadian and United States services about more modern aircraft which might be made available by the United States. He would like these discussions to continue to the point where definite proposals could be made to the Canadian Government on numbers, price and availability of such aircraft. *Mr. McElroy* said he hoped these talks could continue. He believed there were certain United States aircraft which were more modern than the CF-100, and which could be made available for Canadian squadron use. The United States Government was very sensitive to the difficulties which had been faced by the Canadian Government in cancelling the production of CF-105 aircraft and did not wish to appear to be pressing new aircraft on the Canadian Government. The United States authorities, however, would be glad to talk about more modern aircraft if the Canadian Government was interested.

60. *General Foulkes* said he would like to raise a number of further questions before the discussion of the threat to North America was completed. He said he thought it important to keep constantly under review the question of whether the Soviet Union was actually building supersonic bombers with stand-off capability. It was vitally important in planning our air defence system at any one point to distinguish between Soviet capabilities and the actual operational weapons known to be in use by the Soviet forces. He believed, as well, that the bomber threat should be kept constantly under review. This was especially true when no active defence against ICBM's was possible. In the circumstances, would a bomber attack against North America seem sensible to Soviet planners?

61. One further important consideration when discussing the threat to North America was related to the continuing need to strengthen the deterrent forces. The West would never fight a preventive war and the initiative, therefore, lay with the Soviet Union. In these circumstances, it was important to ensure that after absorbing the first blow, the United States would still be able to mount a retaliatory attack capable of punishing the Soviet Union severely. This second strike capability was an essential element of the over-all deterrent.

62. *Mr. McElroy* said that the United States was very conscious of the need for constant improvement in the deterrent forces. The United States was confident, as well, that there would be more than a few minutes warning of attack. It was true that the United States would never initiate a preclusive attack; however, he felt confident that the Soviet Union could not make the extensive preparations required for an attack on North America without giving at least some hours warning.

63. Provision would be made in next year's budget for maintaining SAC on an air-borne alert but the air-borne alert would not necessarily be implemented unless the Chiefs of Staff considered it necessary. At the same time, the offensive capabilities of SAC forces would be increased. As of 1960-61, a goodly number of SAC bombers would carry the HOUND DOG missile as well as their bombs. The Soviet Union would find it very difficult to erect an adequate defence against such a threat of retaliation.

64. *General Twining* said that billions had been spent in North America on air defence. It was possible to buy one's self into poverty in this field. It was essential that we not become panicky as some critics of air defence policy were inclined to do. The Soviet Union had problems. It

looked out upon several rings of destructive weapons. Soviet planners must know that they could not possibly knock out all these weapons at one blow. We had our problems but we certainly were strong and had no reason to panic in the face of the Soviet threat.

65. *Mr. McElroy* said the Soviet Union had to pay its military bills just as we had to do. The Soviet problem increased as the retaliatory forces of the West became more modern. The Soviet Union was aware that any Soviet attack on the forces of the Alliance was the best warning that could be provided. It was impossible for the Soviet Union to handle all Western forces on a salvo basis. It was for this reason that the United States Government was so intent on continuing refinements in the deterrent force. It was in this context, for example, that the United States was anxious to provide for the storage of SAC weapons at Goose Bay.

66. *Mr. Pearkes* asked if in the United States view the range of BOMARC missiles could be substantially increased. *Mr. McElroy* said he did not think so. Almost an entirely new weapons system would have to be constructed to provide for a significant increase in range. In addition, we would have to fill the woods with radar. United States authorities were confident that the mix of weapons now in the air defence system was sound. If the whole thing had to be done over again, it was possible, with 20-20 hindsight, to see that some things which had been done should not have been done. For example, with hindsight, the concentration on point defence throughout the United States did not make sense. Area defence seemed the only logical system.

67. *Mr. Fleming* asked what information was available on the Russian rate of production of submarines capable of launching missiles. *Mr. McElroy* said that the Russians did not seem to be nearly so far along with the POLARIS-type missile as the United States. They did have a moderate number of air-breathing missiles of an approximately 200-mile range. The United States assumed that the Soviet Union must be building nuclear-powered submarines as carriers, but there was no hard evidence that the Russians had, in fact, built even one nuclear-powered submarine. Soviet capability to build nuclear-powered submarines had to be assumed but, until evidence was produced, we could not assume that at this moment the Soviet Union had operational submarines of this type. It was difficult to understand why the Russians were not devoting a substantial effort in this direction. Submarines must look attractive to the Russian planners. The Free World countries were almost all peripheral to water and to the Communist land mass. Their lines of supply were very exposed to under-water attack, as were their shorelines. The Russians probably had in the neighbourhood of 450 conventional submarines. *Mr. McElroy* felt certain that Soviet planners must be worrying to some degree at least at the possibility of the block obsolescence of this submarine force. It might be true that the Russians had their hands full with their land-based missile programme and could not, at this stage, diversify their efforts.

68. *Mr. McElroy* said that it was quite conceivable to him that the sub-launched missile would become the future weapon of deterrence. If the range of the POLARIS could be extended to 2,500 miles, and there was every expectation that it could be, it would be a world beater based as it was on a carrier that was almost impossible to find. The United States programme of three submarines a year fitted with the POLARIS could be accelerated at any time. The United States had not as yet fired a complete missile although there was no doubt in the experts' minds that the problems in this regard had all been solved. Until a complete weapons system had been tested, however, it did not make sense to embark on an extensive production programme, especially when the weapon system was worth $200 million a copy. In response to a question, *Mr. McElroy* said that the weapon system could be tested completely satisfactorily with a dummy warhead. The testing of the missile, therefore, would raise no problem in connection with United States Government commitments on the restriction of nuclear testing.

69. *Mr. Pearkes* referred to the United States programme for the establishment of an infra-red satellite warning system for the detection of ICBM launchings. He said he understood that data would be passed from satellites in orbit to ground read-out stations. Did the United States think it likely that some of these read-out stations would be required in Canada? *Mr. McElroy* said he was unable to answer this question at this stage. It seemed likely that read-out stations would be needed although debate was still going on on this matter. If they were required, there would not need to be many of them throughout the world. It was just too early in the programme's development to be certain as to what ground stations might be required.

Defence Production Sharing

70. *Mr. Fleming* said that the Canadian Government had read with a good deal of interest the many newspaper reports out of Washington of the strong measures planned by the United States Treasury Department to cope with the balance of payments problems of the United States Government. The Canadian Government fully shared the announced United States intention to do all it could to convince the countries of Western Europe to remove restrictions against dollar products. The Canadian Government agreed as well with the United States argument that the countries of Western Europe should progressively take a greater share of the burden of extending aid to under-developed countries. What had concerned the Canadian Government, however, were reports that the United States intended to tie not only D.L.F. (Development Loan Fund) procurement but all of its future aid grants exclusively to U.S. sources of supply as one measure to assist in the correction of the balance of payments position of the United States. Such a development would be a matter of deep concern to the Canadian Government if it adversely affected many friendly countries and perhaps especially if it were to affect the defence production sharing programme on which the two governments had embarked. He hoped it was not the intention of the United States Government to take actions in this regard which would interfere with presently agreed cost-sharing programmes in the Canada-United States defence field. It would be most reassuring if the United States Government could correct publicly any such impression which might have been created by reports out of Washington.

71. *Mr. Scribner* said there had been a great deal of mistaken speculation in the newspapers about the Treasury's plans for dealing with the balance of payments problem. A real balance of payments problem did exist for the United States. United States current accounts were all right but when grants in aid were added, the problem became apparent. The United States believed that it should insist on the removal of dollar restrictions in Europe to the maximum extent possible. The United States believed, as well, that some countries in Western Europe should assume a share of the burden of aid to under-developed countries. Finally, the United States authorities believed that they should take a hard look at the methods of making aid funds available to Europe. It seemed unfair when at a time of great prosperity in Europe the United States should, in effect, be providing credit for European exporters to do business with third countries while United States exporters had to provide their own credits. Nothing more should be read into United States policy than this. It was wrong to put a "Buy America" label on these developments; even with respect to the new policy statement regarding D.L.F. procurement, this term was not accurate. There was no general change of United States policy in prospect.

72. *Mr. Herter* confirmed that there was nothing in United States plans for dealing with the balance of payments issue which would affect Canada-United States defence production sharing. Mr. McElroy also confirmed that there was no intention with the United States Government to reconsider the principles of Canada-United States defence production sharing.

73. *Mr. O'Hurley* said that the Canadian Government was happy with developments in the production sharing programme. Canadian manufacturers were becoming more active in seeking United States business and, generally speaking, the Canadian Government was fully satisfied

with the evident United States co-operation in this field. One of the important objectives of the defence production sharing programme had been to bring about a more balanced situation in that Canadian manufacturers had, in the past, played a very insignificant rôle in providing equipment for United States defence needs whereas Canadian spending in the United States for defence needs had been consistently heavy. The Canadian Government was, therefore, happy to see how the programme had developed and hoped that it would be possible to continue the progress which had been made to date. Formal reciprocity by Canada was not practicable and seemed unnecessary anyway since Canada was continuing to buy defence equipment and components from the United States in very large amounts without any formal commitment.

74. *Mr. McElroy* said that the United States Government at the highest level had given clear indication of its desire to provide an opportunity to Canadian manufacturers to compete in production for United States defence needs. He expressed the hope that if any problems developed in the implementation of this policy, the Canadian Government would bring them to the attention of the appropriate United States authorities. *Mr. Golden* said there were perhaps two areas where some further United States action might be helpful. Not all United States procurement districts fully understood the policy of the United States Government in this field. Similarly, some of the major prime contractors in the United States seemed to be unaware that it was United States Government policy that they should seek competitive bids from Canadian manufacturers on defence contracts.

75. Any further educational action which could be taken by the United States Government with procurement districts and major prime contractors would be appreciated by the Canadian authorities. *Mr. McElroy* said that he believed that he and his associates might well give a further push to the programme on return to Washington. It was only natural in such a complicated field that problem areas might arise but every effort would be made by the United States authorities to educate the appropriate United States interests as to the intentions of the United States Government in this regard. *Mr. Fleming* said that he had spoken at the last meeting of the Committee about the political effects in Canada of the cancellation of the CF-105 programme. These effects could not be underestimated even today and made it all the more important that the defence production sharing programme should be successfully implemented.

76. The Committee resumed its meetings on Monday morning, November 9th, and proceeded to examine a number of specific topics of special concern to the two Governments in the joint defence field.

Large-scale Air Defence Exercises

77. *Mr. McElroy* said that the proposal before the two governments was for a broad-scale testing of the continental air defence system in September 1960. The United States Government hoped that NORAD could be authorized to plan such an exercise. SAC participation was planned, both to simulate an enemy bomber attack and to test the ability of the retaliatory forces to get off the ground. Finally, it was hoped that the test would provide an evaluation of the effectiveness of electronic counter-measures (ECM).

78. *General Twining* said it was essential that all peace-time forces be exercised whatever their category. Such exercises were essential to evaluate the state of training of personnel, the technical quality of machines and the suitability of the deployment of both personnel and weapons. A large-scale exercise in the air defence field was long overdue. Over $30 billion had been spent on continental air defences and they had never yet been given a comprehensive testing. Smaller tests of parts of the system had taken place but it was impossible to get from such limited tests the kind of information that was essential to effective operation of the whole system. Because it was planned to use ECM in the tests, it was necessary that all civilian planes be grounded for six hours. Civil transport authorities were sympathetic to the purpose of

the test and did not have any technical objection to the grounding of civil aircraft for such a period. It was planned to bring in a small force of SAC bombers from overseas bases to act as enemy bombers. In addition, some SAC bombers from the United States would go out beyond the early warning system and turn around and re-enter again as attackers. Another important group of about fifty-five SAC bombers would be launched from the United States as if on a strike mission in order to find out if the retaliatory forces could be sent off through our fighter forces without difficulty. The knowledge gained from this particular aspect of the exercise might, perhaps, be the most important result of the whole exercise.

79. *General Twining* thought that some public announcement should be made well in advance that an exercise was to be conducted next Fall. The definite date of the exercise might be announced closer to the event. In this way, danger that such an exercise might seem to be tied to some particular international crisis could be avoided. He did not think that an exercise of this order would cause concern to the Soviet Union for the United States had, in the past, staged large SAC strike exercises both into the United Kingdom and North Africa without any apparent concern on the part of the Soviet Union.

80. *Mr. Pearkes* said that the size of the bomber force involved in the "SKY HAWK" exercise, which had been proposed earlier this year, had been one of the disturbing elements in so far as the Canadian Government was concerned. He had the impression that the bomber element, which was being spoken of now for the exercise next year, was somewhat reduced. *Mr. McElroy* said that he did not believe that the exercise would be substantially different from that which had been proposed for "SKY HAWK." It was planned that the attacking force should come from all directions in whatever numbers were required to saturate the defences of the continent.

81. *General Foulkes* referred to General Kuter's letter of October 13 to the Chiefs of Staff in Canada and the United States requesting approval in principle for the conduct of an exercise in September 1960 of the same general nature as the proposed "SKY HAWK" exercise. From a military point of view, it was essential that the defences of the continent be saturated. Unless this were done, it was impossible to simulate the strain on the system which war-time conditions would bring. He believed it essential, as well, that the capacity of NORAD Headquarters itself be put to the full test since this had never been done.

82. The military authorities in both Canada and the United States were considering recommendations to be made to the two governments for additional expenditures on anti-bomber defences. It was essential to know what effect ECM would have on the radar system. Similarly, it was essential to check the need for gap filler radar designed to meet the possible low level attack threat. All of this equipment was very expensive and from the military point of view it seemed essential to check the capabilities of the present equipment before embarking on expensive additions. The Canadian military authorities were fully in accord with the United States military authorities as to the necessity of this test for it was essential to get the best equipment possible with the money available for air defence needs. The military authorities agreed, as well, that there should be a public announcement of the intention to hold the exercise well in advance in order to avoid any connection between the exercise and some particular period of international tension.

83. *Mr. Green* asked if the Russians had, at any time, conducted tests of this sort involving the sending out of their heavy bombers towards North America. *Mr. McElroy* said that the Russians had in the past conducted fairly large-scale manoeuvres over Novaya Zemlya. *Mr. Pearkes* asked how far out the strike force of fifty-five B-52s would go. *General Twining* said there would be no need for them to go beyond the Dew Line. The bombers which would go from the United States to act as attackers would not have to go much beyond the Dew Line or beyond the seaward extensions of the Dew Line. They would all turn back far short of the

Russian early warning system. *Mr. Fleming* asked what would be the latest date for the first public announcement of intention to conduct such an exercise. *Mr. McElroy* said this was a matter for consultation but four to six months in advance of the exercise seemed wise to him.

84. *Mr. Green* said that the Canadian Governments had given a good deal of consideration to this question as a result of the "SKY HAWK" proposals. It was extremely unfortunate that the "SKY HAWK" proposals had come up the way they did. The Canadian Government got news of the proposed exercise very late in the planning and was faced with a draft press releases to which it could not possibly agree. The Canadian Government thought that had such a press release been issued, it would have been regarded almost as a declaration of war by some elements of Canadian public opinion. The Canadian public was not conditioned to expect the need for the wholesale grounding of civil aircraft. Requirements of this sort would have come as a very severe shock to the Canadian people at a time when Mr. Khrushchev was visiting the United States and there was an apparent easing of international tensions.

85. *Mr. Green* said that the "SKY HAWK" affair was water over the dam. A good deal of fault in the way in which the exercise had been brought to the attention of the Government lay in Canada. It had, however, made the Government very aware of the need to consider the issue of appropriate political control by the Government over the actions of its forces. The Canadian Government was determined that this sort of incident should not happen again. The Canadian Government realized that it was common sense to make tests of continental defence machinery. It believed, however, that these tests should be as unprovocative as possible. Perhaps there was some difference in approach on the part of the two governments on the question of threatening the Soviet Union. Certainly the Canadian Government believed that some element of threat to the Soviet Union was involved in a large-scale exercise of the type proposed.

86. *Mr. Herter* said that the terms of the proposed "SKY HAWK" press release had come as a surprise to him as well. However, he did not share Mr. Green's view that such an exercise amounted to a threatening manoeuvre in the Cold War. What was planned was a purely defensive exercise. It was made essential, not alone by the amount of money that had been spent on these facilities but, far more important, because we had to have some better idea of whether this system could alert our retaliatory forces. The United States retaliatory capability was the greatest defence of the Free World and the air defence system of North America was an essential element in the protection of that force.

87. *Mr. Green* said that it did seem to him that the United States Government placed more emphasis on the need to impress the Soviet Union with a show of force than did the Canadian Government. However, the Canadian Government would no longer impose any objection in principle to the preliminary planning of the test exercise for September 1960. The Canadian Government, however, wished to reserve its right to reconsider the subject at the latest date consistent with orderly planning of the final stages of the exercise, whenever that might be.

88. *Mr. Herter* said he believed that an early announcement, perhaps some time in the Spring, of the intention to hold such an exercise was essential in order that the exercise could be separated from any immediate event which might occur in the Autumn of 1960. The United States Government did not wish to threaten the Soviet Union and he did not believe that an exercise of this sort should be so construed. *Mr. McElroy* said that the United States thought of this exercise not in any sense as constituting a threat to the Soviet Union but purely as an essential act to demonstrate our ability to defend ourselves. *Mr. Green* said that when the "SKY HAWK" proposals had been made, it seemed to the Canadian Government that the exercise was designed to put up a bold front to impress the Soviet Union. *Mr. McElroy* said he thought it would take a good deal more than an exercise of this kind to frighten the Soviet leaders who were pretty determined and ruthless men. *General Twining* made reference to commitments entered into by the two governments under NATO to protect the retaliatory

force. He believed that the scheduling of an exercise such as that proposed was required for this purpose.

89. *Mr. Fleming* asked if there was any reason why the preliminary planning could not go forward subject to the reservation of the Canadian Government's final view. *Mr. McElroy* said that the only difficulty presented by a reservation of position arose from the money involved. He believed that unless we were disposed to go ahead with the exercise, we should not consider the spending of large amounts of money which were necessary to set the exercise up. The United States Government would, of course, itself reserve its final decision if over-riding political considerations were involved at the last minute. The exercise could always be cancelled under these conditions in a matter of hours but the costs involved made it highly desirable to avoid this eventuality if at all possible. The heaviest expenditures for the planning of the exercise would not come until about three months before the date so up until that time, perhaps an indefinite attitude towards the exercise would not create great difficulties. *Mr. Fleming* said that, in the circumstances, there was really no need for a public statement perhaps until May or June.

90. *Mr. Robertson* said that it was sometimes difficult, no matter what one's intentions might be, to ensure that the political effects of a particular action were desirable. Intentions and political effect were not necessarily synonymous. It seemed to him that had the "SKY HAWK" exercise been carried out ten days after Mr. Khrushchev's visit, the political effect would have been damaging. He agreed that if an exercise of this sort were essential, an early announcement would lessen the dangers of misunderstanding even though it would not remove them entirely. *Mr. Herter* said NATO exercises had been taking place for a number of years without serious political effect. Mr. Robertson wondered if the scale of the planned exercise, that is, the all-embracing character of the test, would make some difference of kind in a political sense. *Mr. Herter* said that it was, of course, up to each government to evaluate the effect on its own public opinion. In his own mind, he was not concerned unduly about the effect on United States public opinion. So much had been spent on the air defence system; yet we still did not have a satisfactory appraisal of its over-all quality.

91. *Mr. Green* said he believed that in the time available, public opinion perhaps could be prepared satisfactorily. *Mr. McElroy* suggested that NORAD headquarters might be authorized to proceed with preliminary planning and on strict instructions that nothing be said publicly concerning the exercise unless approved by the political authorities of both countries. *Mr. Pearkes* said he believed that the first announcement concerning the exercise should come not from NORAD but from the two governments jointly. *Mr. McElroy* said he was easy on this question and would be quite willing to have the announcement made by the governments if that was the Canadian preference. Personally, he did not mind if the announcement were left to NORAD to make but he did not wish to press the point. *Mr. Herter* said that the United States authorities would be guided by Canadian preoccupations in this respect.

92. *Mr. Fleming* asked what bearing the United States election campaign might have on the scheduling of the exercise proposed. *Mr. Herter* said he thought the campaign would have no effect for he was convinced that Americans, of whatever political persuasion, would realize the importance of testing the continental air defence system. *Mr. Green* asked if the grounding of civil aircraft presented any problems to the United States authorities. *Mr. McElroy* said that the civil transport groups understood the need for the test and there would be no resistance on their part to its scheduling.

93. *Mr. Green* asked what would be the latest date at which it would be necessary to reach a final decision on the proposed exercise. *Mr. McElroy* thought a public announcement should perhaps be made in May. He believed thereafter the decision to hold the exercise should be

reviewed only in the event of some grave emergency. In a critical situation it could, of course, be called off up to the very last moment.

94. *Mr. Green* said he believed it would be in order now to authorize NORAD to do such preliminary planning as might be necessary. The two governments should consult again in the Spring and reach agreement regarding the exercise and the nature and timing of the first public announcement. He agreed that May would be an appropriate target date for such an announcement. Mr. Pearkes suggested that so far as Canada was concerned, that announcement might be made in the House of Commons by the Prime Minister.

95. *Mr. Herter* expressed the hope that when NORAD plans were fully drawn up, arrangements should be made for a detailed explanation of them to the political authorities. It was agreed that such arrangements would be made.

Storage of Nuclear Weapons in Canada

96. *Mr. McElroy* said that in so far as storage of nuclear weapons in Canada was concerned, it had been proposed that four types be placed in Canada:

(a) Weapons for Canadian use at home and in Europe;

(b) Weapons for air defence use;

(c) Weapons for anti-submarine use; and,

(d) Weapons for SAC use on re-strike missions.

These storage questions had been under consideration by the Canadian Government since late 1957. He expressed the hope that a decision on the various types of storage could be reached as soon as possible.

97. It was decided to discuss first, in broad terms, the problems involved in the storage of nuclear weapons for use in air defence and anti-submarine defence, and to leave over for the moment discussion of the storage of weapons for SAC use.

98. *Mr. Green* said that the Canadian Government had agreed in principle to the storage of nuclear weapons at Goose Bay for use by United States forces under NORAD control, subject to the completion of a satisfactory exchange of inter-governmental notes. The Canadian Government assumed that it would share joint control of these weapons and indeed of any nuclear weapons stored in Canada.

99. *Mr. Fleming* said that Canadian assumption, in this respect, was basic to the assertion of Canadian sovereignty over its own territory. This question of control was necessitated not because there was any mistrust of United States intentions. Rather, the Canadian Government thought it in the best interest of both countries that Canada should not appear to world opinion to be anything in the nature of a satellite to the United States. It was with this in mind that the Canadian Government had proposed with respect to MB-1 storage at Goose Bay that the Canadian Government should share not only joint responsibility for use of weapons but also joint responsibility for release of the weapons from proposed storage site at Argentia would be subject to Canadian Government control. *Mr. Irwin* said that the Canadian proposal with respect to joint control of removal of nuclear weapons from storage sites presented difficulties for the United States. While, in so far as the United States was concerned, authority to use nuclear weapons was vested in the President, it had been possible to work out agreements with other members of the Alliance providing for joint responsibility for the use of weapons stationed in those countries. Such arrangements had been made, for example, with the United Kingdom. If similar arrangements could be made with Canada, the sovereign position of the Canadian Government would be safeguarded. He doubted that anything would be added by the formula concerning the control of release from storage. It was not immediately apparent to the United States authorities what physical arrangements would be necessary to give effect to the

Canadian proposal if in fact it could be accepted. The United States authorities would be concerned if controls established on the release of weapons from storage sites were to be such as to prevent an immediate defensive reaction in North America in time of emergency. *Mr. Gates* said there was some question in his mind as to whether the Canadian proposal could be accepted under the terms of the United States Atomic Energy Act.

100. *Mr. Green* asked how Canadian control could be exercised with respect to the weapons which it was proposed to store at Argentia. *Mr. McElroy* said, in so far as United States practice was concerned, no specific approval was required to enable a United States Commander to remove nuclear weapons from land storage sites to United States vessels which, in effect, could be considered as storage sites themselves. The United States Government's control was exercised over the use of these weapons, not over their routine movement.

101. *Mr. Fleming* said that if this theory were accepted, there would be no way to provide for Canadian Government control of weapons stored in Canada since the United States would not consider the movement of the weapons from shore to ship as in fact constituting removal from storage. *Mr. Gates* said he assumed that the authority to use weapons which might be stored at Argentia would come through NATO arrangements and, in that sense, would be subject to Canadian Government control. *Mr. Herter* said he believed that this matter of control needed more investigation. *Mr. McElroy* agreed and expressed the strong belief that in discussions concerning control, every attempt must be made to avoid imposing inoperable conditions which would vitiate the defensive use of the weapons concerned.

102. *General Foulkes* said the Canadian authorities did not have much detailed information on United States requirements at Argentia and he suggested that the subject of storage there should be further explored between appropriate representatives of the two governments. It had been the Canadian impression that the weapons which the United States wished to store at Argentia were to remain there until required for war-time operations. From the discussion which had just gone on, this did not seem to be the case. In the circumstances, perhaps it would be better to complete the negotiations with respect to the note to cover storage of MB-1 rockets at Goose Bay before attempting to reach an agreement on the possible storage of weapons at Argentia.

103. *Mr. Pearkes* said it was his understanding that in emergency circumstances nuclear weapons which might be stored at Argentia could be made available for use by Canadian naval forces. *Mr. McElroy* agreed that this was his understanding as well. *Mr. Pearkes* said it certainly would be a requirement that the Canadian Government control the release from storage of any weapons which were to be used by the Canadian naval forces. *Mr. McElroy* said he could not comment on what degree of control the Canadian Government might wish to have in this respect but he thought it would be affected by the degree of authority which the Canadian Government would agree to turn over to SACLANT for operational purposes.

Storage at Goose Bay for SAC Use

104. *Mr. McElroy* said that since the Committee had already discussed the importance of the deterrent force at some length, there was no need to go over this ground again in any great detail. If there was disagreement between the two sides on the importance of the deterrent it would represent such a basic disagreement that there would not be much value in discussing particular means of strengthening the deterrent. A military requirement for the storage at Goose of nuclear weapons for SAC use had been established. The weapons, if stored there, would presumably be used on re-strike missions. In the United States view the dispersal of SAC forces and SAC weapons was becoming ever more important as the Soviet missile threat grew in strength. Bases for the recovery of SAC bombers would be of critical importance after an initial attack had been made on North America. It was in this context that use of the Goose Bay

facilities assumed such importance. They might never be used, and certainly the United States hoped they would not be, but they had to be provided if the capability of the deterrent force was to be strengthened in the face of the changing nature of the threat.

105. *Mr. Green* said that this problem of storage sites in Canada for SAC use presented great difficulties for the Canadian Government. The storage of any nuclear weapons in Canada created difficulties with respect to public opinion. The storage of weapons for offensive use would present even more difficulties politically and the Canadian Government would have great difficulty in justifying such a move in Parliament. The Canadian Government would hope that it might be possible, therefore, for the United States to find some other alternative, particularly now that the general impression of the Canadian public was that East-West tension had been reduced.

106. *Mr. Herter* said that the United States did not regard SAC forces as anything but a part of the defensive strength of the Western world. It was a basic conviction of the United States Government that the deterrent forces were the strongest guarantee of continued peace in the world. He hoped that the deterrent forces would never have to be used. He believed, however, that if there was to be an effective relaxation of tension it must arise from a conviction on the part of the Russians that a surprise attack could not be launched on North America without inviting unacceptable retaliation on the Soviet Union. Unless that conviction existed, and continued to exist, in the minds of Russian leaders, the prospects for peace would be very slim.

107. *Mr. Green* said the Canadian Government was not trying to convince the United States Government that the strength of the deterrent forces should be diminished. These facilities at Goose, however, would be regarded publicly as additional SAC facilities. *Mr. Herter* said that the use of the facilities was indeed designed to improve, or rather to protect, the capabilities of the deterrent force. The objective of that force, however, was to prevent war. The United States Government had no other purpose in mind in seeking the continued modernization of the force. *Mr. McElroy* said dispersal of SAC facilities was important to the viability of the force. It could not be said, of course, that failure to provide the storage facilities required at Goose would make a difference between the viability and the non-viability of the SAC forces. The United States Government felt, however, that use of the storage facilities at Goose Bay as proposed was highly important. If it had not been impressed with their importance, the request for Canadian co-operation in this regard would not have been made. Mr. McElroy said he was not questioning the lack of desire of the Canadian Government to have first-strike facilities for SAC on Canadian territory. If, however, North America was attacked, it was essential to respond and to prosecute the war successfully. *Mr. Gates* said that reserve facilities of the type proposed in the case of Goose Bay were designed to make the deterrent force more invulnerable. It was essential that the Russians should believe that their growing capability in the missile field could not destroy SAC forces in one attack. He believed it was a function of political leadership in both countries to convince public opinion of the fundamental importance of an effective deterrent force in the interests of continued peace throughout the world.

108. Mr. Green said it would not be easy to explain the need for such SAC facilities in Canada to Canadian public opinion no matter how reasonable the case might seem to the United States Government. *Mr. Herter* said it was certainly not the desire of the United States Government to urge the Canadian people to accept what they did not want. The United States Government could only inform the Canadian Government of its earnest desires to continue its strengthening of the deterrent force. There was absolutely no doubt in the mind of the United States Government of the importance of continually developing the strength and flexibility of that force.

109. *Mr. Pearkes* said the political aspects of this question were obviously most important in so far as Canada was concerned. Perhaps with a little more time it would be possible to educate

Canadian public opinion as to the need for the desired facilities at Goose Bay. Was the United States Government anxious to press forward with this proposal this year? Could the weapons not be moved to the storage facilities at Goose which already existed in a matter of a few days in a grave emergency?

110. *General Twining* said that if the Canadian lead in this regard were to be followed by other countries, the prospects for the Western Alliance could be adversely affected. *Mr. McElroy* said if we made decisions of delay the Russians would win by words alone. It was not the expectation of the United States Government that an effective scheme of disarmament could be achieved in the foreseeable future. Our public opinion must be made aware of this hard fact. It was terribly dangerous to allow illusions to grow which would weaken the resolve of our people to maintain the capability to deter war. The only way we could protect ourselves against attack was to maintain our ability to retaliate. The decision with respect to storage at Goose was only one decision among many which had to be taken in this respect but it was one on which the United States Government placed a good deal of importance. He hoped, therefore, it would be possible for the Canadian Government to reconsider its attitude.

111. *Mr. Green* said that the question would be further considered by the Government in the light of the views put forward by the United States Cabinet Members. The Canadian Government would have to reach its decision in the light of all the circumstances.

SACLANT Infrastructure Proposals

112. *Mr. Irwin* said that in SACLANT's portion of NATO's Eleventh Slice Infrastructure Programme, he had included two special weapons storage sites in Canada for common financing. These sites were at Summerside, Prince Edward Island and Greenwood, Nova Scotia. The United States Government had generally supported the infrastructure programme and, specifically, the common financing of these two storage facilities. They were designed for use by Canadian and possibly United States forces.

113. *General Foulkes* said that it was now clear that in effect Canada would be the only user of these storage sites. The recommendation for common financing represented new problems. No facilities in Canada, to date, had ever been financed under NATO's infrastructure programme. It was doubtful whether the projects under consideration were important enough to risk the creation of a precedent for future infrastructure proposals, the nature of which could not be foreseen. Furthermore, if Canada were to accept host-nation status for these program-mes, it would be necessary to open the projects to international bidding.

114. *Mr. Fleming* said that while the proposal for common financing might have superficial attractions in financial terms, the Canadian Government would be very reluctant to accept infrastructure projects in Canada. If these sites were required for Canadian use, the Canadian Government would prefer to shoulder the financial burden itself.

115. *Mr. Irwin* said that two questions really were involved. The first was making provision for the storage sites and the second centered on how these sites were to be financed. A military requirement had been established for the sites and SACLANT had simply turned to the normal methods available to him for financing military requirements. If the storage sites were made available, the United States Government would not have any strong views as to how they should be financed.

116. *General Foulkes* thought there was another reason for delaying decision on this matter for the time being. Negotiations had not yet been completed on a general agreement with the United States for the provision of nuclear weapons for the use of Canadian forces. He believed that detailed discussion with SACLANT with respect to what weapons would be required and all details concerning their custody and storage should be delayed until the general terms under which Canadian forces would acquire nuclear weapons were clear. *Mr. Irwin* said if

SACLANT could make satisfactory arrangements with Canada for the provision of the storage facilities, the United States would not press for common financing since that was unacceptable to the Canadian Government. *Mr. Fleming* confirmed that the Canadian Government would not wish these facilities to be financed under the NATO infrastructure programme. He pointed out, as well, that there would have to be some further settlement of the question of control by the Canadian Government of any weapons which might be stored at Summerside and Greenwood. It was agreed that there should be further discussion between the Canadian authorities and SACLANT.

117. *General Foulkes* said that SACLANT had also asked for fuel storage facilities in Newfoundland to be financed under the NATO infrastructure programme. The fuel storage facilities which he had proposed be established near Argentia were intended to replace similar facilities planned for installation in Iceland, which could not now be provided because of political difficulties which had arisen. The original request had been made on the basis that the facilities would be used by Canada, the United States, the Netherlands and the United Kingdom. Since the proposals were made, the Netherlands and the United Kingdom had disassociated themselves from the project as user nations. The Canadian military authorities did not believe that SACLANT was fully aware of the oil storage facilities in existence or planned in Newfoundland. SACLANT had been asked to send a team to Canada to study the available storage facilities and Canadian plans for expansion of those facilities. The Canadian military authorities had some doubts, as well, concerning the desirability of planning storage facilities for a ninety-day supply of fuel when they were making provision for only a thirty-day supply for all other Canadian forces.

118. *Mr. Pearkes* suggested that consideration of SACLANT's proposals should be deferred until there had been further discussion between appropriate representatives of the Canadian Government and SACLANT.

Defence Production Sharing

119. It was agreed that general discussion on this subject which had taken place on the preceeding evening had been sufficient and that there was no necessity for the Committee to give further detailed consideration to the matter. *Mr. Fleming* said that Canadian Ministers would like some reference to the subject to appear in the communiqué which was to be issued after the Committee's meeting.

Review of Consultative Machinery

120. *Mr. Green* said that at the time of the difficulties which had arisen concerning the "SKY HAWK" proposal it had seemed that some searching review of Canada-United States consultative machinery in the defence field would be desirable. On reflection, however, it did not seem that any great need existed for concern in this regard. *Mr. Fleming* said that it seemed to the Canadian Government that the present machinery was adequate and that there was no need to create new machinery to supplement that already in existence. It was always possible to make *ad hoc* arrangements for special consultation if that became necessary. *Mr. Herter* said that the United States authorities were not anxious to create machinery if it was not essential.

Possible Replacement of CF-100 Aircraft

121. Mr. Fleming said that before the meeting ended he wished to revert to the discussion which had taken place concerning the possible replacement of the CF-100 aircraft in Canada. He said that he raised the question in order to avoid the possibility of any misunderstanding. No decision had been taken by the Canadian Government concerning the possible replacement of the CF-100 aircraft. *Mr. Pearkes* said that there had been discussion in service channels between the two countries with respect to United States aircraft which might possibly be used

to extend the life of Canadian interceptor squadrons. These discussions, however, were purely exploratory. The discussions had progressed to a point where it seemed that certain United States planes were available if the Canadian Government decided to enter into a replacement programme. *General Foulkes* said the Canadian military authorities would soon be in a position, as a result of their discussions with their opposite numbers in the United States, to make firm recommendations to the Canadian Government on this subject.

Date and Place of Next Meeting

122. *Mr. Fleming* said he thought, as he had indicated at the first meeting of the Committee last year, that there was danger involved in leaving meetings of the Committee to be convened on an *ad hoc* basis. There was much to be said for educating public opinion and the press to the idea of meetings of the Committee taking place on a regular and routine basis in order to avoid the appearance of their being convened as a result of some special crisis. For that reason, he believed some reference should be made in the communiqué to the time of the next meeting.

123. *Mr. Herter* said he did not disagree with Mr. Fleming's view. He said that a year from now would be an awkward time to hold another meeting because of the United States election campaign. He suggested, therefore, that the next meeting should perhaps be arranged for around the end of June 1960. By that time he hoped the East-West Summit meeting and the President's visit to Moscow would have been completed. It was agreed by the Committee that the communiqué should indicate that the next meeting of the Committee would be held in Canada in mid-1960.

Communiqué

124. After some discussion, the Committee approved the text of the communiqué to be issued upon return to Washington. The text of the communiqué is attached as Appendix I.[242]

Other Business

125. *Mr. Green* expressed the warm appreciation of the Canadian members of the Committee for the gracious hospitality which had been extended by the United States. He paid tribute, as well, to the effective leadership which the United States Government had given to the Western Alliance. He spoke of the many ties which bound the peoples and the governments of Canada and the United States. He said it was clear that the co-operation in defence matters which had existed for so many years between the two governments must continue, and that the problems arising in this regard had to be solved through regular and friendly consultation on all matters of common interest. *Mr. Herter* expressed the pleasure of the United States Government in being able to make arrangements for the very valuable consultation which had just been completed. He looked forward to further meetings of the Committee and felt that periodic discussions at the ministerial level were an essential contribution to a strengthening of the co-operation of the two governments in the building of an effective system of collective security.

[242] Voir/See *Department of State Bulletin*, Vol. XLI, No. 1066 (November 30, 1959), p. 789.

230. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], November 10, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Dr. Hodgson).

. . .

MEETING OF CANADA-UNITED STATES MINISTERIAL COMMITTEE ON JOINT DEFENCE, NOVEMBER 8 AND 9, REPORT BY MINISTER OF NATIONAL DEFENCE

7. *The Minister of National Defence* reported that the discussions at the meeting of the Canada-United States Ministerial Committee on Joint Defence held at Camp David, Maryland, had covered a wide area, as the communiqué which he had circulated to Ministers indicated.

At the outset the question of consultation had been considered and the U.S. had agreed that more consultation should take place between N.A.T.O. countries before the great powers embarked on important courses of action with widespread implications.

There was no substantial difference between the two countries on the threat and danger of war although the U.S. laid more stress on the danger of submarine warfare than he had expected. Both sides agreed that the bomber threat was diminishing and that the threat from I.C.B.M.'s, against which there was no defence at the present time, was on the increase. The U.S. were anxious to keep their force of retaliation as up-to-date and as efficient as possible. They were moving ahead on missiles and expected to have the first elements of their missile retaliatory power complete by 1963. More advanced missiles, such as the Minuteman, would be operational by 1965. Meanwhile, the conventional jet bomber was their main source of strength.

As regards disarmament, the U.S. were inclined to take Premier Khrushchev's recent statements with a pinch of salt. They felt there would be no sudden or dramatic moves and, in any event, were of the opinion that atomic weapons should be the last items to be dealt with, otherwise the balance of power would be shifted greatly in the Soviet Union's favour because of their large manpower resources. The U.S. side were concerned over China's growing strength. They had speculated on China's relations with Russia in the future and tended to view

Japan as a counterpoise to China. They felt that the deterrent would make Russia accept reasonable disarmament measures.

On the various detailed points raised at the meeting, the following were the views expressed.

(a) *Machinery for Consultation*

The U.S. agreed there was no necessity to establish any new machinery. The Committee agreed to meet again, in Canada, about mid-1960.

(b) *Storage in Canada of Nuclear Weapons*

Canadian Ministers had pointed out that the Canadian Government had agreed to the storage of nuclear weapons of a defensive nature for the U.S. forces but that the details of the arrangements had yet to be worked out. (Mr. Pearkes said that the U.S. had not yet replied to the Canadian note on storage of MB1's and he thought it would be some time before the experts in the U.S. would be able to develop a formula on storage and control which would satisfy both the U.S. law and Canadian requirements.)

The U.S. attached considerable importance to the storage of offensive weapons at Goose Bay because, as he had said, they felt they must maintain the strength of the deterrent. Canadian Ministers had pointed out that Canadians would regard this step as an unwise one which might be misinterpreted abroad. They had really only listened to the U.S. case and had given no indication whatsoever of complying with the request nor mentioned terms. Mr. Pearkes believed the U.S. would accept any conditions which Canada wished to prescribe for storing these weapons at Goose Bay.

[texte supprimé /text deleted]

(c) *Infrastructure*

Canadian Ministers had made it quite clear that the government did not want any N.A.T.O. infrastructure projects in Canada.

(d) *Large Scale Air Defence Exercise*

The Cabinet's view on staging an exercise similar to Skyhawk next summer were, on the whole, shared by U.S. Secretaries. They considered it must be continued wide to achieve the purpose They agreed it would be desirable to review the circumstances in May or June next year when a final date would be decided. It would also be necessary to decide when the intention to hold an exercise should be published and the airline companies notified. They all agreed that notice well in advance would remove any fears which the U.S.S.R. might harbour and they would be prepared if necessary, to have the exercise cancelled at the last moment.

The instructions given by the Cabinet had been carefully adhered to and the meetings themselves had been excellent.

8. *During the discussion* the following points emerged:

(a) The publicity given to the statements made about storage of weapons in Canada had resulted in an immediate reaction and confirmed that Canadians did not welcome the prospect of these weapons being here at all.

(b) Planning for the air defence exercise next September would now proceed, but Canada would determine in the end whether Canadian air space would be used. The U.S. should be informed in writing of what Ministers had agreed to at the Camp David meeting.

9. *The Cabinet* noted the report of the Minister of National Defence on the meeting of the Canada-United States Ministerial Committee on Joint Defence held at Camp David, Maryland, on November 8th and 9th and agreed that the U.S. authorities should be informed in writing of the Canadian government's understandings with respect to staging a large scale air defence exercise in September, 1960.

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SECTION H

RÉSEAU DEW : GESTION ASSURÉE PAR LE PERSONNEL CANADIEN
DEW LINE: MANNING BY CANADIAN PERSONNEL

231. DEA/50210-C-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], January 16, 1959

TAKING OVER BY CANADA OF CERTAIN RESPONSIBILITIES ON THE DEW LINE

I attach† for your information an advance text of a joint statement which will be issued at 4 o'clock Monday, January 19 in the names of the Minister of National Defence and the United States Secretary of Defence.[243] This Department was not consulted in the drafting of the attached statement. I thought, however, you should be aware that the statement is to be released, in the event that the subject matter should become the object of questions in the House. A brief outline of our understanding of what is to take place is set out below.

2. We understand that on October 8, 1958, Mr. Pearkes raised in Cabinet the question of "Canadianization of the DEW Line." Cabinet's decision is recorded in the following terms: "Steps should be taken to replace USAF operators at the four main DEW Line stations by RCAF operators." It is to be recalled that the former government informed the United States authorities through the PJBD in January 1957 that the Canadian Government believed that the USAF should continue to man and operate that portion of the DEW Line in Canada until 1963, subject to the understanding that Canada would be free to review this decision if conditions were to change. As a result of Cabinet's decision on October 8, the Minister of National Defence authorized the RCAF member of the PJBD to inform the Board at its October meeting of the Canadian Government's intentions. The RCAF member's statement indicated that whereas at the present time at each of the four main DEW Line stations in Canada there were five USAF officers and one RCAF officer, the Canadian Government believed that this situation should be reversed and that there should be five RCAF officers and one USAF liaison officer. The Canadian Government believed that the commanding officer at each main base should be a Canadian. It was indicated that there was no intention of suggesting a change in the existing contractual arrangements for the operation of the line, i.e. the maintenance and operations contract between the Federal Electric Company and the USAF would remain unchanged. It was for this reason that the Canadian proposal envisaged the stationing of one USAF officer at each site.

3. The attached statement, we believe, must reflect the agreement which has now been reached between the RCAF and the USAF on the basis of the Canadian proposals put forward in October. If that is the case, it would mean that some twenty RCAF officers will gradually take over operational responsibilities from USAF officers at the four main stations of the DEW Line which are situated in Canada.

N.A. R[OBERTSON]

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[243] Voir/See Canada, Department of External Affairs, *Canadian Weekly Bulletin*, Volume 14, No. 4 (January 28, 1959), p. 6.

SECTION I

FORMATION ANTI-SOUS-MARINE
ANTI-SUBMARINE TRAINING

232. PCO/C-20-9(a)-D

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

CDC DOCUMENT NO. D-29-59 [Ottawa], November 30, 1959

SECRET

SUBMARINES FOR ANTI-SUBMARINE TRAINING

1. Reference is made to previous considerations as to the loan of a United States Navy submarine to Canada for the purpose of anti-submarine training.

2. In the original submission to Cabinet Defence Committee of April 20, 1959, two types of submarines were mentioned: the SSK at an estimated acquisition cost of $750,000 and the unmodified fleet class with estimated acquisition cost of $900,000. On April 22, 1959, the Cabinet Defence Committee approved in principle the recommendation of the Minister of National Defence that the Royal Canadian Navy be authorized to approach the United States Navy to negotiate the loan of a submarine, subject to the financial details to be settled between the Department of National Defence and the Treasury Board.

3. Discussions were arranged with the United States Navy authorities and it was learned that the first cost estimations had risen to $1,500,000 attributed to rising costs of labour and additional mandatory safety items which would be required to be installed.

4. This necessitated further recommendations to Cabinet Defence Committee on September 14, 1959, for the loan of a submarine at the cost of $1,500,000 who advised that:

> "The Committee considered briefly the question of obtaining on loan a submarine of the SSR class instead of one of the SSK or unmodified Fleet type previously approved, and agreed that the RCN be authorized to negotiate the loan of an SSR class submarine from the US Navy, on the understanding that no commitments be entered into before the matter was referred back again to the Committee."

5. In accordance with this directive discussions have been held with United States Navy authorities and they have indicated USS *Burrfish* could be loaned to the Royal Canadian Navy subject to the approval of both Governments. Before being placed in reserve in 1956 USS *Burrfish* was overhauled by the United States Navy at a cost of $1,200,000 and the United States Navy have agreed that this would not be a charge against the Canadian Government, therefore, the initial cost of acquisition on loan for a period of five years by the Royal Canadian Navy has been reduced from $1,500,000 to $887,000 estimated as follows:

(a) Expenditures through United States agencies: ($ 877,000)

(i) Activation and overhaul including removal of special radar equipment, modification to accommodation, and ship alterations together with a complete allowance of on board spares.

not exceeding $652,000

(ii) Shore supports spares, drawings handbooks, etc.
not exceeding $110,000

(iii) Outfit of torpedoes. (required for training)
not exceeding $100,000

(iv) Personnel training.
not exceeding $15,000

(b) Expenditures through Canadian agencies: ($10,000)

(v) To meet travelling and miscellaneous expenses incurred in training of Canadian personnel.

6. The necessary funds are available in the fiscal year 1959-60.

7. In view of the fact that the revised figure of 887 thousand dollars now firmly quoted lies within the original price range, it is recommended that approval be given for formal negotiations to begin between the Government of Canada and the Government of the United States of America for the loan of USS *Burrfish* to the Royal Canadian Navy.[244]

[GEORGE PEARKES]

[244] Le Cabinet a étudié ce document le 15 décembre 1959 et a reporté la décision en attendant l'issue d'une demande que le Royaume-Uni fournisse un sous-marin à des fins d'entraînement. Après que les autorités britanniques aient refusé la demande, le Cabinet a autorisé l'emprunt du USS *Burrfish* le 8 janvier 1960. Pour les termes de l'accord avec les États-Unis, voir *Recueil des traités du Canada*, 1960, n° 22.

Cabinet considered this document on December 15, 1959 and postponed a decision pending the outcome of a request that the United Kingdom supply a submarine for training purposes. After British officials denied this request, Cabinet authorized the borrowing of the USS *Burrfish* on January 8, 1960. For the terms of the agreement with the United States, see *Canada Treaty Series*, 1960, No. 22.

2E PARTIE/PART 2

QUESTIONS ÉCONOMIQUES
ECONOMIC ISSUES

SECTION A

RÉUNION DU COMITÉ MIXTE CANADA-ÉTATS-UNIS DU COMMERCE ET DES AFFAIRES ÉCONOMIQUES, OTTAWA, LE 5-6 JANVIER 1959

MEETING OF JOINT CANADA-UNITED STATES COMMITTEE ON TRADE AND ECONOMIC AFFAIRS, OTTAWA, JANUARY 5-6, 1959

233. MG/32, Vol.128, File 13

Extrait du procès-verbal de la réunion de la Commission mixte Canada-États-Unis du commerce et des affaires économiques, Ottawa, le 5-6 janvier 1959

Extract from Minutes of Meeting of Joint Canada-United States Committee on Trade and Economic Affairs, Ottawa, January 5-6, 1959

CONFIDENTIAL Ottawa, January 25, 1959

Mr. Fleming welcomed the United States representatives and stated that he was deeply sorry for the absence of Mr. Dulles and Mr. Benson. One of the happiest features of relations between Canada and the United States is the removing of difficulties through the spirit of goodwill, frankness and candor. Canadian representatives had no purpose in these meetings but to lay before United States representatives the views of the Canadian Government in a spirit of complete frankness. Perhaps it had been too long since the last meeting,[246] but the discussions with Mr. Dulles and the President had afforded an opportunity to deal with new problems.

2. *Mr. Anderson* said that the United States representatives valued the close and intimate character of these meetings. Many problems of increasing interdependence could be solved only by the private initiative of businessmen. Because of this, there was an increasing sense of responsibility. These meetings emphasized the importance placed by the United States on consultation and on the fact that the United States felt that it should go out of its way to consult with Canada whenever any action was being considered which might affect Canada. In his view, problems of interdependence were likely to become more complex. This places on government the obligation to create machinery for frankly and fully discussing emerging problems. The mechanism established in the United States-Canadian Committee was a step towards solving some of these problems.

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[246] Voir/See Volume 25, Document 138.

Item 2.A

Convertibility, Discrimination against Dollar Goods and Economic Regionalism in Europe

26. *Mr. Anderson* stated that the United States welcomed the recent moves to non-resident convertibility in Europe which fulfilled one of the hopes of Bretton Woods. The United Kingdom and the European countries had taken courage from the proposals put forward at New Delhi.[247] The United States also welcomed the reduction in tariff barriers implemented by countries of the European Common Market. The United States was hopeful that the Free Trade Area problem could be worked out without acrimony. In his view, the European economy was going to be more competitive with United States and Canadian economies and this would require some adjustment on our part. We can assume that more United States and Canadian firms will establish subsidiaries in Europe, particularly if fiscal policies in North America are inadequate. There will also be more competition in such areas as Latin America; North Americans must live up to this challenge.

27. It was important that Canada and the United States should stand together in their common concern to prevent discrimination against the dollar. The European developments were welcome, but Canada and the United States must insist that there is no dollar discrimination. Mr. Anderson recalled that 12 to 14 months ago sterling had been subject to great speculation; there was now great respect for the strength of sterling. In fact, in the United States there were people who were worried about the strength of the dollar in view of the outflow of $2 billion worth of gold. Such an outflow was acceptable if it was for the right purpose. In summary, our attitude to the European developments should be first of all to cheer and, secondly, to make it plain that we would not accept dollar discrimination.

28. *Mr. Dillon* expressed the strong support of the United States for the concept of the European Common Market, both for economic and political reasons. We should welcome this strong force in Europe as a counter to the Soviet threat. We should accept the fact that anything that strengthens Europe is to our long-range good. As he saw it, the European Common Market would mean short term disadvantages but long term advantages. The United States was distressed over the recent acrimony in Europe, but felt that Europeans should settle these problems themselves; in his view, convertibility justified the belief that these things could be solved within the European context. In fact, convertibility had helped to eliminate some of the Free Trade area difficulties. The problem of dollar discrimination, however, remained. Mr. Dillon briefly reviewed recent developments in GATT on this subject. Before the movement from E.P.U. to the European Monetary Agreement, the United States had had occasion to discuss these matters with the United Kingdom; they were aware that the United Kingdom hoped to go beyond what they had found it possible to do at Montreal. The United Kingdom had agreed to the reference to the removal of discrimination in Mr. Burgess' letter to the Secretary-General. In the United States view, the problem of German restrictions and German discrimination is the main problem; Germany is using dollar discrimination instead of tariffs for protective purposes. The United States is hopeful the Germans will come to accept the alternative objective set out in Mr. Burgess' letter. The United States hoped that the United Kingdom would take further action later this year; surely Canadian and United States objectives in these matters were the same.

[247] La Grande-Bretagne et neuf autres pays européens avaient annoncé le 27 décembre 1958, à la réunion de la Banque mondiale à New Delhi, le relâchement des restrictions imposées sur la convertibilité de la monnaie.
On December 27, 1958, Britain and nine other European countries had announced the easing of currency convertibility restrictions at the World Bank meeting in New Delhi.

29. *Mr. Dillon* stated that in connection with the broader picture of the economic problems of the under-developed countries and of Latin-America, the United States was proud of the fact that its imports in 1958 had held up pretty well. In fact they had fallen only 3% during the year. He felt that there were two main points which we should keep in mind. The first one was that the price declines in commodities were more than equal to all economic aid going to the under-developed countries. The Commonwealth countries had reached a similar conclusion at Montreal. The United States was prepared to study these commodity problems case by case and to contemplate taking the necessary steps; in the case of coffee, it was participating in the Study Group; and in the case of lead and zinc, it was prepared to work toward such an arrangement. The second point to bear in mind was the importance of the capital needs of the under-developed countries. The difficulties which some of them faced in maintaining the value of their currencies would be assisted by the arrangement to increase the International Monetary Fund. A portion of their development needs could be met by the World Bank. The United States was particularly gratified that other countries, such as Canada and Germany, were prepared to take a greater share of the burden. The United States side would wish to comment later on the proposed International Development Association. However, at this point he wished to mention that in view of the fact that the European economy was stronger than it had been, we could reasonably expect Europe to carry a greater share of the burden of meeting the needs of the under-developed countries. This would be a major step in reducing the threat of Communism.

30. *Mr. Fleming* stated that he wished to comment first on the views developed at the Commonwealth Trade and Economic Conference on these matters.[248] He wished to emphasize that the Conference had not been directed against any country. He emphasized that it had been important that the Conference had been attended, not only by the self-governing members of the Commonwealth, but also by those approaching self-government. It was also important to realize that there had been no suggestion of establishing a new system of Commonwealth preferences. No one had breathed such a suggestion. The Commonwealth countries had met and discussed their problems in a world context. The theme of the Conference had been "An expanding Commonwealth in an expanding world economy." Commonwealth countries were endeavouring to help themselves without hurting anyone; this would inevitably help other countries. In particular, the Conference helped to achieve a common front on the proposals to expand the International Monetary Fund and the International Bank for Reconstruction and Development. Another achievement of the Commonwealth Conference was the increased assistance to under-developed countries through the Colombo Plan, through the West Indies, in Africa, and through the proposed Commonwealth Scholarship Programme. These arrangements helped to knit the under-developed countries together and to foster the ideals of democracy which were basic to the Commonwealth concept.

31. The Conference in his view had been outstandingly successful and the proposals had all been outward looking. Canada had pressed for removal of discrimination against the dollar. The Canadian Government had been criticized for this, but on the following day, the President of the United Kingdom Board of Trade had announced United Kingdom decisions and its promises to move further in the removal of dollar discrimination. This, of course, benefitted both the United States and Canada. The recent convertibility of the pound had been hailed here with considerable joy. It may not mean much in trade terms, but it was an important step forward. In the Canadian view, this was no time to let up pressure for the removal of dollar discrimination. In the Canadian view, there was no justification for the maintenance of restrictions. The Canadian Government could see no financial basis for the European countries

[248] Voir volume 24, les documents 362 à 386./See Volume 24, Documents 362-386.

now preferring imports from non-dollar countries. He had noted with interest the remarks by the United States on the outflow of gold from the United States and wished to emphasize that the Canadian Government had been pleased by the terms of the United States letter to the Secretary-General concerning the European Monetary Agreement; he hoped that the United States would continue to stand firm; the United States should know that Canadians support them in the belief that the justification for dollar discrimination had now gone.

32. As for the difficulty which had developed over the Free Trade Area, Canada was in the same position as the United States. We were concerned over the difficulties between the United Kingdom and France and we wished that we could be more hopeful about the meeting on January 15. One difference between the Canadian and the United States positions that should be borne in mind was the importance to Canada of the United Kingdom market for agricultural products. Canada recognized the importance of European integration but must be concerned, as are Australia and New Zealand, that in the United Kingdom negotiations with Europe due regard should be had for our interests in the United Kingdom market. Canada has, of course, received strong assurances on this point. However, the French position makes it difficult for the United Kingdom to stand firm. In the Canadian view, it would be nothing short of a calamity if the removal of internal restrictions in Europe led to discrimination against the outside world.

33. *Mr. Smith* commented that the United Kingdom and other European countries had taken a most venturesome step. In his view, the elimination of discrimination should follow logically from these developments. He would ask the question whether this was the time to start scolding the United Kingdom and the Europeans for not moving more quickly.

34. *Mr. Anderson* referred to the United States views as set out in the E.M.A. letter and emphasized that the United Kingdom had agreed to the statement in that letter. In the United States view, pressure should now be concentrated on the Germans. However, if the United Kingdom did not take further action, perhaps within the next year, he would be inclined to again express United States concern to the United Kingdom, but for the time being, he would let it ride. The United States had also expressed views to the French before the recent moves and proposed to have further discussions with them. In those further discussions, the gratification of the United States at the recent developments would be expressed. They would not press the French again immediately, but would prefer to wait and see how the French economy and the French Government stood up to the problems of convertibility during the next month or so.

Item 2.B

Sino-Soviet Trade and Aid Policies

35. *Mr. Dillon* stated that he felt that in the last year the true face of Soviet economic warfare had been revealed a few times. There was nothing wrong with trade with the Soviets if it was mutually advantageous and if countries did not become too involved, because the Soviets could then apply pressure. The most obvious cases, of course, were Yugoslavia and Finland. He was particularly concerned about the dumping of Soviet goods in China and Southeast Asia. The Russian disposal of tin had been quite a significant operation. He recalled that in Bolivia the United States role in this operation had been given good publicity; the United States had succeeded in getting the picture across. He thought the United States role was also appreciated in Malaya and in Indonesia. Chinese exports of cotton goods had had an impact on United States sales of cotton to Japan; sales had been reduced to 1 million bales a year. Generally, we should approach these problems by handling each case on an *ad hoc* basis, in the full knowledge that the West cannot undersell China or the U.S.S.R. on every occasion. Generally, he would hope that the conclusion of any study of these matters would be that there was

nothing wrong with trade with the Soviets as long as it was mutually advantageous, and the countries concerned did not get too involved and too committed in the process.

36. *Mr. Fleming* asked whether there was any change in the attitude of the United States towards international commodity problems and international commodity agreements or arrangements.

37. *Mr. Anderson* commented that there had been a change, but it was a change in the United States attitude to commodities, rather than to commodity arrangements. The United States had found it wise to be more forthcoming recently in its approach to the coffee problem. It had been willing to participate in a study of the difficulties facing producers. The United States view was that agreements should be avoided which stabilized prices at artificial levels, but that the U.S.A. should be willing to sit down and talk about these things and get clear just what the supply and demand situation for each product was. He had become particularly concerned about the importance for some commodities of European consumption taxes. Reductions in these taxes would help some of the under-developed countries. He would admit that it would be difficult, of course, for some of the countries concerned to change their tax structure.

38. *Mr. Smith* stated that in his view not all Russian aid should be discouraged. Judgment on these matters depended on the state of the involvement of the under-developed countries. For this part, he wondered whether it would be feasible or desirable to get the U.S.S.R. into some commodity agreements or arrangements.

39. *Mr. Dillon* commented that the U.S.S.R. had been asked to participate in the United Nations discussions on lead and zinc and in the Tin Council.

40. *Mr. Anderson* stated that he could not complain if the Russians wanted to buy coffee, but any economic arrangements with the U.S.S.R. worried him. For example, one of the problems in the proposed SUNFED[249] was the advantage, from the U.S.S.R.'s point of view, of the inconvertibility of the ruble. This would lead to SUNFED becoming a party to "ruble bilateralism." Russian economic arrangements gave them great flexibility in barter deals. Generally, he was worried about possible United Nations developments relating to international capital aid funds. It was for that reason, he felt, some form of international development association which excluded the U.S.S.R. was needed.

41. *Mr. Smith* asked what was the United States' concept of the strategy which should be adopted to meet the Sino-Soviet economic offensive. Should there be an attempt to counter their efforts, to outbid them and to counter specific U.S.S.R. economic moves? Canada was concerned over the increasing pressure to put a NATO label on Western aid to under-developed countries, such as seemed to be implicit in the proposals put forward by both the Italians and the Germans in NATO.

42. *Mr. Dillon* commented that it should be borne in mind that the Soviet Union was mimicking the West. He doubted that there should be an effort to meet every Soviet offer or to counter them by moving into particular countries, but the West did need to give hope to countries which wished to remain free of Communist domination. India, he felt, was beginning to realize the dangers of Communism. The best the West could do was to give these countries hope. The United States agreed that the NATO label on aid would be dangerous. It was necessary to proceed on an *ad hoc* basis and to work with other countries bilaterally. This might eventually lead to some sort of international development association. The sort of programme now in hand should be continued because time was not necessarily against the West.

[249] Voir volume 24, les documents 88 à 116./See Volume 24, Documents 88-116.

43. *Mr. Anderson* felt that the West did have certain advantages in this struggle. Other countries were becoming wary of Soviet entanglements and much preferred dollar loans and assistance, but it was important to bear in mind that the U.S.A. and other countries could not go on going to the United Nations and voting against SUNFED. There was a need to develop an alternative.

44. *Mr. Strauss* felt there was some virtue in letting the Soviets bleed themselves white in extending aid to the under-developed countries.

Item 3.A.1

Canadian Restrictions on the Import of Agricultural Products

45. *Mr. McLain* expressed the regrets of the United States representatives for Mr. Benson's absence.

46. Some Canadian actions in this field gave the United States serious concern. It should be noted that certain developments, such as the increase of United States imports of cattle from Canada "put some of us in the hot seat." He would first like to make the point that the abrupt character of Canadian action, for example, the application of restrictions on the import of fowl, was what created difficulties. The embargo on the import of fowl[250] had caused abnormal retail mark-ups in Canada and completely disrupted normal trade. These had been followed by a complete lifting of the embargo. These abrupt movements caused a "rumpus" in the United States. As for frozen peas, there had been substantial imports from the United States, but Canadian action had been predicated on the sales, at admittedly very low prices, of a few companies in the Northwest. Such sales were not now taking place, but the restrictive action had not been rescinded although the problem was now over.

47. As for the restrictions on the import of turkeys,[251] which had been first applied on June 17, 1957, the United States had protested this action and had set out its views in three separate Notes. The feeling in the United States Administration was that no entirely adequate reply had as yet been received. *Mr. McLain* noted that the restrictions were modified in 1958 and allowed for a quota of 300,000 pounds for the balance of the calendar year; however, this was less than 5% of the imports in 1956 for the same period. The United States now asked for a 7 million pound quota for 1959 — one half of this quota to be used in the fourth quarter. This quota would be 75% of average annual imports for the period 1954-56.

48. *Mr. McLain* wished to comment on the proposed tariff changes on fruits and vegetables,[252] now being negotiated under the provisions of Article XXVIII of the GATT. This was a serious matter for the United States as Canada was proposing increases on some $20 million of trade. He was concerned that the changes in the Customs Act which proposed that values be based on the average values of trade in a preceding period might have the effect of raising values for duty far above actual values. This was quite a change; this all seemed like reversing the trend toward reducing barriers to trade. He doubted that this was a good move, although he realized that these were not major trade items. However, they were of importance to some areas and some segments of the trade.

49. *Mr. Harkness* stated that, as for the changes in the Customs Act affecting the trade in fruits and vegetables, this should be considered an attempt to prevent dumping in Canada at the end of the United States growing season. Mr. Harkness reviewed the problems for Canadian producers caused by the much larger production of the United States producers and the differences in seasons. A good example was the effect of imports of apricots from the United

[250] Voir volume 25, les documents 193, 196 et 199./See Volume 25, Documents 193, 196 and 199.
[251] Voir volume 25, les documents 193 à 201./See Volume 25, Documents 193-201.
[252] Voir volume 25, les documents 182 à 192./See Volume 25, Documents 182-192.

States in 1957. The imports from the United States were at very low prices and had caused a drastic reduction in Canadian prices, although the United States imports had in fact been small. This had brought no important advantage to the United States, but a "terrible disadvantage" to Canada.

50. As for the problem created by frozen peas, a review of the pattern of imports showed that the application of the special values in February, 1958, had not reduced imports so much as it had raised prices both to Canadian and American producers. The United States shippers got .5¢ a pound more than they were getting previously; this was not injury but help. As for consultation, it should be borne in mind that action had to be taken quickly; Canada had, of course, given prior notice — the United States Embassy in Ottawa had been informed.

51. As for the problem of fowl and turkey imports, it should be made clear that there never had been a complete embargo. Mr. McLain had mentioned the quota of 300,000 pounds for turkeys in 1958. The actual imports of turkey products in 1958 was about 1 million pounds, as shown by a review of the import permits issued. *Mr. Harkness* recalled that there had been a revolution in poultry production in both Canada and the United States since 1953; the ability of the industry to increase production rapidly meant that, if the Canadian Government had not taken action, the Canadian industry would have been destroyed. However, the gain to the United States would have been negligible. It should also be borne in mind that prior to 1953 there had been very few imports from the United States; it was after 1953 that a very rapid rise took place. Indeed, there were problems of over-production in both countries of broiler turkeys and of chickens. If Canada were to give a quota in 1959 of 7 million pounds, the price structure in Canada would collapse, and imports from the United States would be blamed. There would be a good deal of bad feeling about this. Surely it would be in the interests of both Canada and the United States to avoid such a development, particularly when Canadian prices were likely to fall anyway. The United States representatives should realize that the Canadian Government has been under very great pressure in this matter.

52. *Mr. McLain* stated that the United States side recognized the difficulties faced by the Canadians but were concerned that the steps taken were in the wrong direction, and were bad for both Canada and the United States; it put the United States authorities in a difficult position when cattle imports from Canada were increasing sharply. The United States authorities would hope that there could be continued study of these matters with Canadian officials.

53. *Mr. Anderson* commented that this kind of problem stemmed from the fact that it was impossible to anticipate which way a particular agricultural situation would develop. There should be more effort made to anticipate developments. There should be closer consultation and more effort made to help the public understand these problems. The United States would hope that one of the fruits of this meeting would be that by looking ahead the number of emergency actions could be reduced.

54. *Mr. Harkness* pointed out that Canada had taken very few such emergency actions. There were only four such provisions in force in Canada; the United States also has four. It was easily agreed that these should be kept to a minimum.

55. *Mr. Fleming* commented that the Canadian Government had been pressed to take action on many more agricultural products.

Item 3.A.2

Amendments to the Canadian Customs Act

56. *Mr. Dillon* referred first to the problem raised by the use of the "cost of production" formula. Article II of the GATT provided that value for duty should be based on actual value, not on arbitrary value; in the United States view, the use of the concept of "reasonable profit" could not be anything but arbitrary. Ten years ago, the Canadian Government had reviewed its

valuation arrangements to bring them into conformity with the GATT. Just a year ago, the United States had simplified its customs arrangements. The two Governments now appeared to be moving in opposite directions.

57. As for the valuation provisions covering fruits and vegetables (Mr. McLain would speak later on this point) there seemed to be some possibility of arbitrary action, of basing valuation on a single shipment. The Canadian Government had not taken this sort of action in the past. He was concerned that the Canadian action might lead to a considerable disturbance in the trade between the two countries. The United States did not wish to raise this matter in the GATT; in the bilateral talks in Geneva during the 13th Session, he had asked that the Canadian Delegation should make a statement during the Session that these valuation provisions would not be used in a manner contrary to the General Agreement. The Canadian Delegation did not make such a statement, apparently because a reply was then being prepared to the United States Note.[253] The Canadian Note states that the valuation procedures of the GATT apply only in the *ordinary course of business*.[254] The United States found it hard to agree to this view; if the Canadian interpretation were adopted, there would be difficulty caused in trade with many countries. The other major point made in the Canadian Note was that these provisions would not be applied in a discriminatory fashion; the United States appreciated this assurance, but this would not really help much if the wrong system of valuation were being used.

58. It is the arbitrary character of the valuation system which occasioned the United States concern; if this legislation were used extensively, it would undermine the basic principles of the General Agreement. Both Canada and the United States feel strongly that the GATT should be the basis of trading relations. The United States hoped, therefore, that these valuation provisions will be used sparingly; indeed, they had hoped that there would be changes in the legislation after the Bill was introduced. The United States hoped that there could, therefore, be close consultation in cases where the Canadian Government considered that the new provisions might apply, so that the United States would have a chance to provide the necessary information and to put forward its views. In this way, the United States could be sure that the provisions were being applied in conformity with the General Agreement.

59. The United States envisaged that the consultations under these new provisions between the two Governments might not be unlike the investigation carried out by the United States Treasury when it investigates a case of dumping. The United States Treasury in these situations carries out a very full investigation so as to find out all the relevant facts before applying the provisions of the law.

60. *Mr. Dillon* went on to state that the United States raised this matter not only because of its intrinsic importance, but also because of its relationship to other developments, to other action taken by the Canadian Government which might suggest that there was some change of direction in Canadian trade policy. The Canadian Government had taken certain actions under the General Agreement, but without prior notification and discussion with the United States, which was the sole supplier to the Canadian market of the goods concerned.

61. In the case of restrictions applied to the import of turkeys and of other products, there appeared to be no limits being contemplated to domestic production which might develop in the shelter of these restrictions; no case had been presented under Article XIX of the GATT. The United States, therefore, would like to have detailed consultations on these matters before the next session of the GATT. The fact that there had been no prior consultation between Canada and the United States in these matters gave the United States serious concern. Was this to be taken as evidence of a change in Canadian policy? These meetings provided an excellent

[253] Voir/See Volume 25, Document 188.
[254] Voir volume 25, les documents 189 à 191./See Volume 25, Documents 189-191.

opportunity to get Canadian views on these matters. In the United States view, that there should be full and prior consultation is basic to all these problems. Of course, once consultation had occurred, the United States realized that "you have to make up your mind." The United States, for its part, had tried to have full consultations when it has found it necessary to apply restrictions; it was hoped that in the future the Canadian Government will find it possible to carry out prior consultation.

62. *Mr. Fleming* expressed his appreciation of this full statement of United States views. There was no basic change in Canadian policy; the reply of the Canadian Government on these matters as set out in the Canadian Note was a correct statement of the Canadian view (the only change he would make in the Note would be to remove a split infinitive). We could, of course, understand the concern of the United States. It should be recalled that there was an almost acrimonious debate in the House of Commons on this question[255] and this had perhaps prevented an understanding of the purpose and effect of the legislation. We believed that the Canadian legislation is in conformity with the GATT. We stand by the GATT and the new legislation involved no basic departure from its provisions. Mr. Fleming reminded the meeting of the precise wording of the Canadian Note on these points.

63. The Note had made clear that the "cost of production" provision in the new legislation was substantially different from that in effect prior to 1948. The legislation had indeed been drafted with very great care; as he pointed out in his Budget Speech, the legislation was intended to stop outright dumping, but it had been drafted to be fully in accord with the General Agreement. *Mr. Fleming* recalled that there had also been the special problem of end-of-season dumping, in such lines as women's dresses, which had been the subject of an amendment several years ago to the Customs Tariff. Mr. Fleming recalled that the legislation prior to 1948, as pointed out in the Note, had not provided a specific test for determining gross profit when the cost of production was being used for valuation. As the Note had pointed out, the new provision applied only where there is material injury to Canadian industry and the test of gross profit was directly related to the profit generally earned in the industry in the country of export. Again, as the Note stated, the legislation provided two safeguards — the Governor-in-Council could at any time revoke orders made under this provision, which in any event expired after one year, and every determination of value was subject to appeal.

64. *Mr. Fleming* recalled that the Japanese had raised some of these same matters with him when he visited Japan and he had told them what he was now prepared to tell the United States: there would be no discriminatory application of these provisions nor were they directed against any country. He could assure the United States Secretaries that, as long as the present administration was responsible for the application of these provisions, they would not be applied arbitrarily. It was quite true, of course, that the law provided that there were certain things that could be done on the order of the Minister of National Revenue, but from a practical point of view there was no other way in which such customs provisions could be administered. He would wish the United States representatives to bear in mind also that the Canadian Government hoped these provisions would be used very rarely; indeed, they had not yet been used but their existence had already had a salutary effect.

65. As for the provision covering fruits and vegetables (Section 40 A (7)), this had not yet been proclaimed because negotiations concerning the tariffs on fruits and vegetables, on the basis of the Tariff Board's Report, were still underway. It should be noted that the ability of the United States' producers to dispose of a portion of their production at the end of their growing season at very low prices had imposed a very heavy burden on Canadian fruits and vegetables

[255] Voir Canada, Chambre des Communes, *Débats* 1959, volume I, pp. 47 à 48 et 59 à 60.
See Canada, House of Commons, *Debates*, 1959, Volume I, pp. 43-44 and p. 55.

producers. They were faced with competing with a flood of low-priced imports just as their crops were ready to market.

66. The United States Secretaries could be assured that the Canadian authorities are happy to discuss these GATT matters with the United States at any time. In Mr. Fleming's view, there were two kinds of consultations which could be envisaged. The first was an unhurried review on broad questions. The second was consultation in emergency situations such as the need to apply restrictions to the import of turkeys. As for discussions on the procedures to be applied in the implementation of the law and on broad GATT problems, the United States could be assured that Canadian representatives would be happy to discuss these matters.

67. *Mr. Dillon* stated that he was glad to hear there was no change in Canadian trade policy in a protectionist direction; the effectiveness of these legislative changes depended, of course, on how they were applied. If, in the case of the Customs Act, the United States could have full consultation at an early stage, it would be helpful.

68. *Mr. Fleming* interjected that he would say at once there would be no difficulty on this score.

69. *Mr. Dillon* went on the say that he could see the reasons for Canadian concern over values being set by a few special sales at low prices in the United States, but, on the other hand, when there were style changes, for example, so that goods were also being sold in the United States at lower prices, the United States would not feel that such sales were not in the ordinary course of business. Mr. Dillon recalled that these words in the provision in the GATT were related to transactions between parent companies and subsidiaries. One of the reasons for United States sensitivity in this matter was the pressure on Mr. Anderson's Department from Congress to tighten up United States anti-dumping provisions. This so far had been successfully resisted. If the emphasis could be placed on consultation, it would be possible to solve many of the problems. The United States, of course, recognized that particularly in the case of agricultural products, the time factor is quite important. The United States law recognized this point. It should be recalled that, in the case of the restrictions on the import of frozen peas, the door was locked after the damage had been done, and the restrictions applied therefore affected only normal trade; consultation between the two Governments would have brought this point out.

70. Later, during discussion of the Communiqué, *Mr. Fleming* commented that the wording in the draft Communiqué did not reflect accurately what had been said by the Canadian side on the possibility of consultation between Canada and the United States on the application of the provisions in the amendments to the Canadian Customs Act. The draft Communiqué stated that the Canadian Ministers assured the United States Secretaries "that it was not intended to apply the new provisions in the Act in either a discriminatory or arbitrary fashion; that consultations would be held in each case before applying the new provisions."

71. *Mr. Fleming* recalled that he had pointed out that there were really two kinds of consultations. First, there was the unhurried consultation on broad procedures and broad problems. The other was consultations that might be carried out before emergency action when particular restrictions were being contemplated. It was not practical to envisage consultations taking place about each instance in which the provisions might be applied, as the draft Communiqué seemed to imply. What was possible was to consult about the nature of the procedures to be followed in applying the new provisions.

72. *Mr. Anderson* commented that the United States understanding of this discussion was that, although it was certainly true that the nature of the trade in certain commodities meant that there was little possibility of consultation in advance, the United States representatives would like to ensure that there would be prior consultation whenever it was feasible and in as much detail as possible.

73. *Mr. Fleming* suggested some such phrase as "that consultation would be held wherever feasible before applying the new provisions" would reflect the sense of the meeting accurately. *Mr. Dillon* said that these words seemed satisfactory to him, but that he wanted to be sure that both sides understood what the words "wherever feasible" meant. In the United States view, "whenever [sic] feasible" meant that prior consultation would take place in virtually every case, and that departure from this general principle could only be justified on the grounds that any delay in introducing the measures contemplated would cause serious hardship. He added that the need for a frank and detailed consultation was the basic point and that the United States would hope that every effort would be made to consult fully in each general case where it was contemplated that the new valuation provisions might apply. (Mr. Fleming did not assent to Mr. Dillon's interpretation of the phrase "wherever feasible.")

74. *Mr. Fulton* intervened to say that it would be very difficult to apply the principle of prior consultation with respect to fresh fruits and vegetables. He explained that the new Section 40A (7)(b) was designed primarily to deal with emergency situations and that the nature of the trade for these perishable products meant that when a problem came up it was usually of a pressing nature requiring immediate measures. For these reasons, it would be unwise and unrealistic for Canada to give any undertaking on prior consultation in each specific case; all that Canada should be expected to undertake was to hold consultations as to the principles to be followed, on the sort of circumstances that should be present, in invoking Section 40A (7)(b). Once these circumstances arose, however, it would be impracticable to suggest that there be prior consultation before using the Section.

75. *Mr. Dillon* seemed to accept this point but remarked that in such cases he hoped that full consultations would take place as soon as it was practicable to do so. Some of the concern felt in the United States on this matter would be allayed if the Canadian authorities were to state publicly that the new provisions would be administered in conformity with GATT.

76. *Mr. Fleming* indicated that it was the Canadian view that such a statement was not called for; the changes in the Act were in conformity with the GATT and, therefore, there could be no question of administering them in any way not in conformity with the GATT.

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Item 3.B

United States Restrictions on the Import of Oil

81. *Mr. Strauss* commented that the oil problem had developed with the defence and security findings in 1956. It was clear that the United States oil industry could produce more but that its health was imperilled by high imports from low cost producers. The voluntary import programme had been arranged on an *ad hoc* basis to end at the end of 1958. It had been hoped that this would deal with the problem. There was now the legal question of whether or not the present programme raised anti-trust difficulties. The voluntary programme had therefore been extended for sixty days to the end of February, 1959.[256] The Canadian interest in the flow of oil to the United States became important in 1951 and reached a peak in 1956-57, in which Canadian exports had been 180 thousand barrels per day.

82. The decline to 75 thousand barrels a day had coincided with the voluntary programme, but not caused by it. It was caused, he felt, by the reduction in the demand for petroleum products and the decline in tanker rates, which had brought about lower oil prices on the Pacific Coast. The reduction in the Canadian exports had therefore taken place in District V. The members of the United States Cabinet Committee were cognizant of the importance of this

[256] Voir volume 25, le document 158.

problem to both countries. There was a joint concern about the defence of North America. At this stage, no one knew what the recommendations to the President would be, but he could undertake that the Canadian authorities would be kept fully and currently informed.

83. *Mr. Anderson* suggested that Mr. Seaton should comment on this matter, as the administration of any system of restrictions would be under the Department of the Interior. The United States authorities were concerned to ensure continued exploration for oil in the United States. They were aware of the Canadian interest and the Canadian desire that the United States should keep Canada informed while measures were being explored. The low tanker rates seemed to be a very difficult problem. Last year, the United States had been perilously close to mandatory provisions limiting total imports. There had been intensive work to persuade the people concerned that this would be unwise. Once there was a mandatory system, retreat would be very difficult. However, the United States had had to take some action. Pressure could be expected early in 1959. There were many independent operators in the petroleum industry, more in number than there were big companies. He hoped that the Canadians realized that even if they do not like the measures adopted, the United States was faced with very difficult alternatives. The United States, of course, did not wish to offend its closest neighbour. It wished to deal in the proper manner with the countries involved and not to break international agreements. The United States was aware of the importance of oil to Canada.

84. *Mr. Dillon* commented that the oil situation was not just a United States problem. It was a world problem, because world supply had overtaken world demand. The United States had to take some action to maintain a healthy domestic industry. The present programme did allow for very substantial imports, for imports at a high level, and United States production had had to be cut back.

85. *Mr. Seaton* thought that there was a real threat of Congressional action leading to a further reduction in imports.

86. *Mr. Churchill* explained that the Canadian problem was the need to maintain a healthy industry, just as in the United States. During the last ten years, this industry had become important to Canada. United States action was seen in Canada as the cause of a recession in the Canadian oil industry and of a cut-back in Canadian oil exploration. This was extraordinarily serious and the question of United States restrictions on oil was the most important item on the agenda. The Canadian representatives accepted and agreed with the United States concern about the importance of oil to defence. Suez certainly showed that this was so. In his view, considerations of long-term Continental defence arrangements were the key to this problem. Canada and the United States were so closely linked on defence that oil should be considered from this point of view; it was to the advantage of the United States that there be a healthy oil industry in Canada and a healthy rate of exploration. The Canadian Government appreciated the problem faced by the United States in distinguishing between Canadian oil and oil from other friendly countries, but defence considerations clearly indicated there should be priority treatment for Canada. If Canada was treated on the same basis as other countries, it would be most awkward for Canada in the Pacific Northwest. There was important competition from seaborne oil from the Middle East; there had been a sharp cutback in oil exports through the Trans-Mountain Pipeline. It was his hope that during this meeting some understanding could be reached to put Canada in a special category. Perhaps the solution would be to treat oil coming by pipeline differently from seaborne oil and thus to maintain the rate of exploration.

87. It was important for the United States to realize that Canada has been seriously injured by the voluntary programme. The Canadian authorities understood that pressure had been applied to the United States authorities, but the Canadian authorities were also under pressure from Canadian oil producers. The Canadian authorities recognized that the United States faced an

awkward short term problem, but hoped that the United States could see that their long term interest lay in the maintenance of a healthy Canadian industry.

88. *Mr. Strauss* commented that there was some pressure to have no restrictions at all, and that this pressure was gaining. The effect of having no restrictions would be a cutback of imports from Canada to a serious degree. The United States Administration was having to tread a narrow path to avoid either extreme of decision. The United States authorities were trying to find ways of meeting the Canadian plan and yet of not offending other friendly countries. The exchange of views here had been helpful. Indeed, it might be necessary to meet later on on this subject. He did not know what the answer would be, but the United States authorities were fully aware of the Canadian problem.

89. *Mr. Dillon* commented that there were two points in what Mr. Churchill had said in which the United States had different views. He felt that the cause of Canadian oil trouble was the world petroleum situation, not United States action. The problem was caused by Middle East prices and not by United States action. In effect, Canada recognized this when it asked for special treatment on a country basis. Second, he agreed with Mr. Churchill's assessment of the importance of Canadian oil for continental defence, but United States defence studies showed that Venezuelan oil was also vital. Admittedly, Venezuelan oil was not so secure as Canadian oil, but it was more secure than Middle East oil. Any action the United States took on a defence basis must directly or indirectly recognize the importance of Venezuelan oil. The final solution must be one which disturbed that situation least. There should be some sort of understanding between Canada and the United States to keep Venezuela happy; this meant, of course, an understanding about the maintenance of their position in Montreal.

90. *Mr. Smith* referred to the paragraph from the recently published Hayes-Coffin Report, on United States oil restrictions. He would like to ask how long would the oil industry have to wait before the United States recognized the force of these arguments.

91. *Mr. Seaton and Mr. Anderson* both commented that a decision had to be taken before February 28.

92. *Mr. Fleming* commented that this was the most important item on the agenda. This was an extremely urgent matter. He would draw the attention of the United States representatives to the 1950 agreement on joint defence[257] which clearly distinguished Canada as a source of supply from other countries, including Venezuela. Their position was not the same as Canada, although of course the political difficulties facing the United States were clear.

93. *Mr. Dillon* commented that, of course, Venezuela was not the same as Canada and the treatment for Venezuela would not be more generous than for Canada, but some action would have to be taken to keep Venezuelan oil strategically available.

94. *Mr. Fleming* stated that the Canadian Government was not contemplating any steps which would affect the position of Venezuela in eastern Canada.

95. *Mr. Anderson* stated that in his view once the move was made from a company basis to a country basis, there would be problems relating to oil sources for the allies of the United States, who depended on quite different sources. We were not going to find ideal solutions to this problem. If there was no war, of course, the demand would grow all over the world. The short term problem had been created by the increase in reserves in the Middle East as compared with the Gulf and Texas areas. He would like to emphasize the point that great effort had gone into favouring Canada under the company arrangements.

96. *Mr. Smith* asked whether companies investing in the Canadian oil industry also invested in companies in the Middle East. If this were so, there was some danger that Canadian interests

[257] Voir volume 16, chapitre VIII, première partie, section B./See Volume 16, Chapter VIII, Part 1, Section b.

might be injured since companies might decide to keep Canadian oil in reserve, because Canada was secure.

97. *Mr. Anderson* thought that there were no such company tie-ins and that most oil importers in the United States would prefer Canadian oil to Middle East oil.

98. *Mr. Strauss* commented that the interests of the companies were not before us and did not weigh with the United States Administration.

99. *Mr. Harkness* commented that he thought careful consideration should be given to Mr. Churchill's suggestion that pipeline oil should be regarded as different from seaborne oil.

100. *Mr. Anderson* thought that this could be quite dangerous, and would be taken as differentiating between countries on a transport basis. Both countries had to be tolerant and to recognize the political difficulties faced by the other, and the political difficulties which would arise from having no restrictions or from having a mandatory system imposed by Congress.

101. *Mr. Fleming* commented that the decision to be taken by the United States was of great and far-reaching import.

Item 3.B.2

United States Restrictions on the Import of Lead and Zinc

102. *Mr. Seaton* recalled that with the upswing in demand following the outbreak of war in Korea increases in production had taken place, and largely outside the United States. In 1951 and 1952, there had been shortages, particularly in Europe. In 1952, prices began to fall off and in September, 1952, the previous Administration had asked the Tariff Commission to look into the problems created for United States producers. In May, 1954, the Tariff Commission had reported. It had recommended the maximum possible tariff increases. The President had rejected this recommendation and the stockpiling programme had gone forward. There had been a general invitation to other countries to discuss some sort of international programme and the barter programme had been developed. There were, of course, objections to barter. The price had continued to decline and the United States had looked at every possible remedy; they had contemplated a sliding scale of rates.

103. It was important to bear in mind that throughout this period the United States could have used the escape clause. In 1957, the matter was referred again to the Tariff Commission and they had reported in April, 1958; there had been a unanimous finding of injury to the industry. As for the remedy, the Tariff Commission had split — three members had recommended the maximum duties and restrictive quotas. Two others had recommended the withdrawal of the negotiated duty reductions. At the same time, the Reciprocal Trade Agreements Extension Act was before Congress; lead and zinc was produced in 40 states and quite important in at least 20 states and it was, of course, important to preserve the integrity of the escape clause. The Administration had put forward a stabilization plan which had been defeated in the House of Representatives. They had taken part in an international conference but there had been no result. In December, the United States had been faced with a fact and not theory; 30% of the lead and zinc mines were unemployed.

104. The United States was willing to pursue the study of this problem and to consider any international solution. If a successful international solution were found, they would be prepared to set aside the import quotas. Their quotas, of course, had brought certain benefits. There had been increased prices for lead and zinc. Action by the United States Administration had headed off Congressional action. The United States was not embarking on a programme of restrictions, and was trying to avoid damage to Canada. It had only embarked on these measures after exhausting all other forms of relief. He would recall too that there had been benefits to Canada under the barter programme and that the stockpiling arrangements had kept prices up. The

United States Administration was ready to discuss and explore any aspects of these problems, but he would wish to stress that United States action had prevented further declines of prices and production in the United States. There had been no increases of employment in the United States lead and zinc industry.

105. *Mr. Fleming* thought it would be useful to have a description of the source of pressure for restrictive quotas.

106. *Mr. Seaton* explained the importance of these in Congress. The Middle Western and South Western states were important producers and they were heavily represented in the opposition.

107. *Mr. Dillon* commented that Mr. Harkness' argument about frozen peas applied to this situation. He assumed that a permanent study group was being set up and thought the problem was to regulate supply and demand outside the United States. If this were done by a regulation of exports, this would be a great advance. The United States understood that other exporters were ready to agree to such a position, but the Canadian position was that this would merely shift the burden of adjustment from the United States to the exporters. The United States Administration felt that the U.S.A. had already borne its share of the adjustment.

108. *Mr. Churchill* commented that in his view the purpose of these meetings was to try to understand these views and to remove irritants. Canadians could understand the nature of the pressure on the United States Administration. However, one of the Canadian difficulties was Canada's greater dependence on exports. In the Canadian view, the United States action was in contravention of the General Agreement on Tariffs and Trade. It had negated the value of tariff concessions bound to Canada; the quotas therefore impaired the trade agreement benefits. The timing of the announcement of the imposition of quotas had been particularly unfortunate; it came on the eve of the Commonwealth Conference in Montreal. The Canadian authorities were prepared, of course, to discuss these problems at any time. He would reiterate the Canadian position that if there were to be a reduction of production, it should be allocated among all producers. He noted that in the United States reply to the Canadian Note,[258] it had been explained that the Tariff Commission was keeping these matters under review. The question arose, therefore, whether the recent price increase meant that the programme might now be reconsidered.

109. *Mr. Dillon* stated that as far as GATT was concerned the United States view was that their procedures were strictly in conformity with the Agreement. There had been proper notification and consultation under Article XIX. As soon as action was decided upon, other interested Governments had been advised. The United States was prepared to continue consultations and to consider compensation. He agreed that the timing of the announcement had been unfortunate. As for Mr. Churchill's question about the Tariff Commission, it was his view that if multilateral action had the effect of curtailing exports, the Tariff Commission might consider the matter again and might change its recommendation. The Tariff Commission reviewed these matters once a year anyway and could, of course, be asked by the Administration to make a study. In his view, the United States action had put a floor under the situation.

110. *Mr. Seaton* commented that the effect on world prices of the United States action was important. The United States would welcome multilateral agreement. This could be put before the Tariff Commission. As for the United States sharing the burden of adjustment, he would merely comment that, if other producers would cut their production 25% as had the United States, there would be an "over-cure." The United States Administration was still receiving cancellation of leases and he therefore expected no increase in lead and zinc production in the

[258] Voir volume 25, les documents 168 et 170./See Volume 25, Documents 168 and 170.

United States. If there was a multilateral agreement, there could be a real hope of slackening the import quotas.

111. *Mr. Churchill* thought that uneconomic producers in the United States would come back into business.

112. *Mr. Seaton* stated that he thought marginal mines were out of the picture — some had converted to Government-ownership, some had been flooded and the labour force had been depleted.

Item 4.A.

United States Tied-In Sales ("Usual Marketing") and Barter Programmes

113. *Mr. McLain* explained that the United States Administration had been trying for six years to bring production programmes under control, to reduce incentives to produce. He expected that there would be a special message and recommendation to Congress soon in this field. The P.L. 480 Programme could be expected to continue for another year.[259] P.L. 480 provided that in these disposal operations the United States must protect its own commercial sales and even more important, to pay attention to the interests of other countries. This the United States sincerely tried to do. Since the start in 1954 of the local currency sales under P.L. 480, very little wheat had been disposed of in the European area, where the normal Canadian markets were.

114. As for the changes in the barter programme, these had resulted from an awareness that the whole problem might be opened out again in Congress; Canada had fairly and reasonably raised some questions about these changes in this programme. A point to bear in mind was the reliance placed on normal trade arrangements under the "payment-in-kind" programme. The commodity being disposed of was being used as a subsidy; the big end of the deal was therefore a normal sale. There was very close consultation between Canada and the United States on these matters, in fact, almost daily consultation on wheat. The United States was trying to maintain the world market price. The real difficulty was not price, but the production programmes of the United States and other countries.

115. As for surplus disposal of grass seed, the United States was now out of the disposal business and the industry was fairly healthy. The surplus stocks of vegetable oils were now disposed of. As for dairy products, butter and cheese stocks were pretty well consumed. It was important to recall that some areas of the world could use these products and the United States did have P.L. 480. Canada did not have such a programme and the United States did not say that Canada should have one. But, it was the United States view that P.L. 480 got commodities into areas where goods would not otherwise be consumed. Canada, of course, had taken steps along these lines to use wheat. Close consultation was, of course, needed and it should be borne in mind that China or the U.S.S.R. might take over some of these markets unless there were such disposal arrangements. He would congratulate Canada on not having a price support programme for grain, but Canada should be concerned that it did not develop such a programme for some other products.

116. The United States recognized, of course, that quota arrangements under P.L. 480 can affect other countries. However, he would point out that United States wheat exports are down and Canada's are not.

[259] Voir volume 21, le document 366, note 91./See Volume 21, Document 366, footnote 91.

117. *Mr. Churchill* stated that consultation had been very good during the past twelve months and this had eased the problem. There was much that was good in the United States programme. It was important to develop new markets for these products in Asia and Africa. This was of major importance to Canada, as well as to the United States. United States withdrawal from barter arrangements had helped Canadian sales. An assurance had been given in 1957 on these matters.[260] Could Canada now get a re-assurance? Canada could not complain as long as the United States did not interfere with Canadian commercial marketings. Canada had noted the statement that changes in the barter programme were deemed to be minor in character. As for flour, there was the problem of interference in Canadian markets by the United States flour subsidy. In fact, this was increasingly interfering with Canadian commercial sales. The problem the Canadian exporters faced in British Guiana was only one example. As for tied-in sales, it was to be hoped that the United States would avoid them altogether. However, he was not prepared to say whether or not they had damaged Canada's position.

118. *Mr. Fleming* asked if it would be possible to have a sentence in the communiqué reaffirming the 1957 position.

119. *Mr. McLain* stated that the United States authorities were going to have to operate a barter programme, but they were prepared to do it in such a way as to minimize the damage.

120. *Mr. Harkness* stated that there was considerable apprehension in Canada over the modified barter programme. Any assurances would be of great assistance. There were problems for instance of the country categories for dairy products. It appeared that every country except Mexico and including Canada have been placed in "C" category.

121. *Mr. McLain* commented that normal exports of dairy products from the United States were insignificant and that when the United States had had stocks, it had been very careful about disposal. Indeed, they had gone farther than they should have in holding off; they probably were in conflict with the statutory provisions. The United States would consult Canada if there was any likelihood of affecting Canada, but this seemed unlikely.

Item 5

Foreign Assets Control

122. *Mr. Anderson* indicated that the procedure developed in the discussion that took place when the President and Mr. Dulles visited Ottawa was still workable;[261] that it was a useful procedure, bearing in mind that there was still an embargo in the United States on trade with China. He would like the Canadian representatives to understand that the United States would like to give the procedure a more automatic character, but this might create certain difficulties. It might have the effect of shifting United States orders to other countries (other than Canada, of course) where there was no embargo or system of controls. He did wish, however, to give the assurance that, if Canada raised questions of particular transactions with the United States, there would be no procrastination. He understood that Canadians were concerned that there might be some question of informal influence being applied to American parent firms by the Administration. This was not so. If the United States is told by Canada that the particular transaction is important to the Canadian economy, the Administration will not try to influence American companies against such transactions. The United States believes this system to be workable.

123. *Mr. Churchill* recalled that when Mr. Dulles had discussed these matters, he had been most persuasive. The Canadian Government recognized the delicacy of the United States

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[260] Allusion probable à la lettre adressée par Eisenhower à St. Laurent. Voir volume 23, le document 143. Presumably a reference to Eisenhower's letter to St. Laurent. See Volume 23, Document 143.

[261] Voir volume 25, le document 464, note 68./See Volume 25, Document 464, footnote 68.

position. The Canadian authorities were in an awkward position, themselves, partly because of the existence of the sort of problem outlined by Mr. Fulton. We were not as sure of the practicability of the present arrangements as was the United States and we were particularly concerned about the possibilities of licences not being granted if the proposed transaction could be carried out by an independent Canadian company. This was not the way business was done. He was, however, glad to know that no discouragement was being offered at the official level by the United States authorities. In his view, the real problem was what happened before an actual application was made to the Treasury. The Canadian authorities were worried about what would happen if it got about that business could be done with China, but it was frustrated by American rules or by action of the United States Government. He could anticipate difficulties in answering questions on this subject in the House of Commons.

124. *Mr. Churchill* recalled that, in the example of the proposed sale of flour by the Robin Hood Company, it was difficult to understand how this business could have been transferred to an independent company. There had been other supposed orders from which business did not result, and there were other cases where the subsidiaries were told that they should not seek business from China. All this would be troublesome. If these difficulties got about, Canadian Ministers would find it difficult to explain the position. He wished to emphasize that Canada did not have the difficulties in trade with China that the United States seemed to have. Moreover, the question of recognition did not enter into this matter. It was the Canadian view that trade with China might well grow, particularly in such commodities as wheat and fertilizers. If we could be sure that there was no attempt to slow this development down at the official level, perhaps the best thing to do would be to wait, as it appeared that not enough time had elapsed since the procedures were set up last summer to make a judgment on how they were working out.

125. *Mr. Anderson* agreed with the Canadian view that not enough time had elapsed since the procedures were devised, but he wanted to make it clear that the United States was ready to process such applications as might come forward expeditiously. However, it seemed to him that there was no question of a conflict of law. Canadian law in this field was permissive. Canadian companies were not compelled to do business with China, they were merely permitted to do so. Therefore, there was no conflict between Canadian and American law. It was important in his view for the United States not to have to pre-judge these transactions or have to agree to them in advance. They would like to be in a position to deal with applications quickly.

126. *Mr. Smith* indicated the Canadian authorities would like to be in a position to point to one order that had been filled under these procedures.

127. *Mr. Anderson* recalled that the application in the Rayonnier case had been dealt with quickly, but that a firm order had not in fact been forthcoming. This was just what might have been expected. Once the Canadian firm was in a position to deliver the goods, it appeared that it had not been really a firm order. Perhaps this order had been merely a fiction.

128. *Mr. Churchill* stated that he believed that the order had in fact been filled by Sweden.

129. *Mr. Dillon* indicated that China had probably put in orders in seven different countries.

130. *Mr. Churchill* indicated that he thought his point that it was unrealistic to suggest that licences should not be issued if there was an independent Canadian company to do the business, would bear repetition.

131. *Mr. Anderson* thought that this would merely invite American firms to get into the China trade. The American point of view was that, if the Chinese refused to take goods when offered by independent Canadian firms, then we could be sure that these were not real orders but merely attempts to make trouble between the United States and Canada.

132. *Mr. Smith* stated that we, of course, accepted Mr. Anderson's assurance that no influence was being applied by the United States Administration. However, we did feel that United States firms were afraid to contemplate having their subsidiaries do business with China.

133. *Mr. Anderson* said undoubtedly there was a problem of public relations and of having companies adequately informed, but that it was useful to bear in mind that in some areas of the United States opinion was quite strong against some companies might share these views. He was prepared to admit, however, although he did not know of any cases in which American companies had been discouraged by the United States in pursuing these matters, that in a Government the size of the United States, there might be some instances of influence being applied. All he could say was that he did not know of any.

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Item 7

Communiqué

Agreed as released.[262]

Item 8

International Development Association

135. *Mr. Anderson* indicated that, in the United States view, the proposed International Development Association[263] should be a sub-division or branch of the World Bank. It should have the same Board of Governors, and each member of the Bank should make a proportional contribution in the form of a stock purchase. Soft currencies could be contributed in some form, as determined by the Board of Governors. Soft currencies might be called in as required to meet particular demands. The main point to bear in mind, he felt, was that there was an inexhaustible demand for funds. It was necessary, therefore, to have some sort of arrangement whereby the borrowing countries' demands would be limited by the requirement to contribute a proportion of hard currencies; such contributions would be required to ensure further contributions by those countries whose contributions would be completely in hard currency. He was conscious, however, that, if something of this sort was not organized, something which would make a call on all the free countries of the world, we would face a continuing demand in the United Nations and in NATO for some other less attractive instrument for this purpose. There would come a time when we would be unable to resist the pressure to set up an essentially political organization dominated by political motives and incorporating a political veto. In these circumstances, we had no choice but to press ahead with something along the lines of what he had just outlined.

136. Some private financial experts tended to think that the currencies of South America and Asiatic countries were of no real value. This was not borne out by experience. The United States had found that, when the use of soft currencies was properly coupled with certain amounts of hard currencies, worthwhile loans could be made. A recent example was the loan to build a flour mill in Greece in which mahogany from Honduras has been supplied, financed by soft currency. There were plenty of other examples of this sort. The United States had asked a

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[262] Voir/See *Department of State Bulletin*, Vol. XL, No. 1022 (January 26, 1959), pp. 128-130.

[263] Le président Eisenhower avait proposé la première fois en août 1958 la création d'une agence de développement internationale en complément des ressources de la Banque mondiale. Voir *Department of State Bulletin*, Vol. XXXIX, N° 1003 (Septembre 15, 1958), pp. 412 à 415.
In August 1958, President Eisenhower had first proposed an International Development Agency to supplement the resources of the World Bank. See *Department of State Bulletin*, Vol. XXXIX, No. 1003 (September 15, 1958), pp. 412-415.

number of countries whether, if such a scheme were set up, they would be prepared to contribute the local currencies generated by their sales of food provided under P.L. 480.

137. It was the hope of the United States that the Canadian Government could give the ideas about a development association careful consideration and in due course see their way to joining the United States in trying to build an international organization along these lines. This, of course, would not solve the problem of development nor would it obviate the need for the United States and Canada to continue their other programmes of aid and development.

138. *Mr. Anderson* went on to emphasize that, in his view, it was essential that every country had to make a proportion of its contribution in hard currency, just as was required in the World Bank. This would be a brake on the amounts Canada and the United States would be required to put up, as it would limit the demands of the borrowing countries. On the other hand, the provision of hard currency would make it possible to use a supply of soft currencies in careful combinations with appropriate amounts of hard currency. He felt that the main point that should be borne in mind was the need to do something of this sort to head off less attractive developments.

139. *Mr. Fleming* indicated that the Canadian Government would be glad to study this whole matter and to consider the United States' view. It appeared to him that Mr. Anderson's views were more precise than the United States had hitherto been able to put forward. He recognized that one of the crucial problems was the problem of maintaining adequate control in the hands of friendly countries. This was, of course, related to what international body the new institution might be associated with. Mr. Fleming recalled that, at the Commonwealth Conference in Montreal, and prior to that Conference, consideration had been given to Mr. Macmillan's proposal to establish a Commonwealth Bank. No action had been taken on this proposal because of a general concern that there might be some duplication of existing facilities to no particular advantage. The decision taken at Montreal was to put over further consideration of this proposal until after the New Delhi meetings of the Bank and Fund. The Canadian Government had no knowledge as to whether this proposal was to be revived. If it were, it would have some bearing on our views on the International Development Association. It was also important to bear in mind, he thought, that Canada is the largest single importer of capital and one of the largest contributors to the IMF and the IBRD.

140. *Mr. Anderson* thought that they would have a more detailed proposal ready shortly.

141. *Mr. Smith* asked what the United States attitude was to regional development funds, such as the Latin-American Fund.

142. *Mr. Anderson* indicated that the United States was committed to making a contribution to the Latin-American Fund. At present, they were concentrating their efforts on trying to tie the Fund to the World Bank. The United States still hoped that the role of these regional institutions could be minimized, as it seemed that they were more likely to divide than to unify.

143. *Mr. Smith* asked if the United States could envisage that contributions to the proposed international development association could be earmarked for certain countries; for example, countries of the Commonwealth.

144. *Mr. Anderson* indicated that, in the United States view, this might destroy the efficacy of the institution. He recalled that these general problems had been discussed with the Japanese. At the earlier stage of these discussions, Japan appeared to be interested only in an institution which would be a source of hard currency, but they were becoming increasingly aware of the need and the utility of organizing supplies of soft currencies and making more effective use of such funds by coupling them with appropriate amounts of hard currencies.

The Meeting ended at 6.30 p.m., January 6.

SECTION B

RESTRICTIONS DES ÉTATS-UNIS SUR LES IMPORTATIONS DU PÉTROLE
UNITED STATES RESTRICTIONS ON PETROLEUM IMPORTS

234. DEA/14405-C-8-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 16, 1959

UNITED STATES OIL RESTRICTIONS[264]

The United States Cabinet Committee on Oil now appears to be contemplating recommending a system of mandatory restrictions on imports to replace the present voluntary programme which is supposed to end February 28. It has seemed to our Embassy in Washington and to the officials of Finance, Trade and Commerce and of this Department that it would be desirable to make clear to the United States our concern about placing mandatory restrictions on our oil exports. There have been a few hints that the restrictions being planned might be relatively generous to Canada — although, of course, the existence of any restrictions is a serious brake on oil exploration and development in Canada. In these circumstances, a fairly formal note, setting our views for the record, seemed indicated.

Attached is a draft telegram to Washington instructing them to deliver a note, as set out in the telegram.† Mr. Churchill has approved this note, and it has been cleared with the Department of Finance, who felt that Mr. Fleming need not see the actual text.

If you approve, please initial the telegram.[265]

N.A. R[OBERTSON]

235. PCO/U-12-3

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 25, 1959

UNITED STATES IMPORT RESTRICTIONS ON OIL

This morning I spoke over the telephone to Mr. Ritchie in Washington about the emerging position of the United States Administration on oil restrictions, and about the possibility that the Canadian note of February 19 might shortly have to be made public.

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[264] Voir aussi le document 233./See also Document 233.

[265] Pour le texte de la note remise au département d'État le 19 février 1959, voir Canada, Chambre des Communes, *Débats*, 1959, volume II, p. 1665.
For the text of the note delivered to the State Department on February 19, 1959, see Canada, House of Commons, *Debates*, 1959, Volume II, p. 1591.

2. Mr. Ritchie told me that he had seen Mr. Tom Mann, Assistant Secretary of State for Economic Affairs, earlier in the morning and had learned that a determination by the Office of Civil and Defence Mobilization of the need for mandatory controls had been made and would be published before the end of this week. Action by the President to bring mandatory controls into effect could be expected some time within the first few days of March. Although Mr. Mann had not been in a position to inform him of the details of the determination that had been made by OCDM, it was now clear, in Mr. Ritchie's opinion, that there would be no significant exemption in favour of oil from Canada. Under the new mandatory system, however (as under the present voluntary system) there would probably be some comparatively minor provisions which would have the effect of favouring Canadian oil in practice. He expected to be able to let us have before the end of the week the details of the new mandatory system.

3. Mr. Ritchie hoped that it might not prove necessary to publish our note of February 19, since to do so would draw attention to the virtually complete failure of the Canadian Government to have its views on this issue accepted by the United States Administration. On the other hand, he fully recognized that the Canadian authorities might feel obliged to publish the note in order to demonstrate that they had not been remiss in trying to avoid the impositions of mandatory controls. With that possibility in mind, he agreed with my suggestion that he should seek the concurrence of the State Department that the note might be made public at any time the Canadian Government considered opportune. Mr. Ritchie foresaw no difficulty in obtaining the State Department's consent and undertook to let us know as soon as it was forthcoming.[266]

D.V. LEPAN

236. PCO/U-12-3

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, March 4, 1959

UNITED STATES OIL IMPORT RESTRICTIONS

Mr. Armstrong of the United States Embassy notified us yesterday on instructions from Washington of the probable form of the mandatory import controls on oil expected to be brought into force next week by a Presidential proclamation.[267] The essence of the scheme is to control oil imports on a refinery basis, not by companies or by countries of origin. The larger the refinery the smaller the percentage of imported oil it may use in its total input.

Of most interest to Canada are these three features of the system:

(a) it would appear to impose no practical limitation for the time being on Canadian oil exports to the North-Central States,

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[266] Note marginale :/Marginal note:
Copy sent to the Prime Minister by R.B. B[ryce]. Feb. 26/59. R. G[rey]

[267] Pour le texte de la proclamation du président Eisenhower du 10 mars 1959, voir *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1958* (Washington: United States Government Printing Office, 1960), pp. 240 à 241.
For the text of President Eisenhower's proclamation on March 10, 1959, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1958* (Washington: United States Government Printing Office, 1960), pp. 240-241.

(b) while the quota for the Pacific north-west will be reduced to about 195,000 barrels per day, this is just about what is now being shipped by Canada and may therefore frustrate any arrangements being made to increase exports under the present voluntary scheme.

(c) little or no account has been taken of Canadian views.

We were told, however, that the President's proclamation will be worded to leave the way open for the United States to seek a "basis satisfactory to Canada, Venezuela, and the United States for the exemption of western hemisphere oil." The Embassy is asking Washington whether this is to be taken as a formal invitation to come to Washington for formal tripartite talks.

Officials of Trade and Commerce and Finance were with Mr. Grey when Mr. Armstrong set out the United States proposals. The preliminary reaction of officials, which Mr. Armstrong is conveying to Washington, is that

(a) Canadian views have been known to the United States Government for some months; it would have been reasonable to have expected any tripartite talks to have been planned well *before* the mandatory system comes into effect; and

(b) there would be difficulty in considering an invitation seriously until we know much more about the details of any United States plan to exempt Canadian and Venezuelan oil from United States import restrictions; and

(c) Public opinion in Canada might react vigorously to the imposition of mandatory controls which failed to take account of Canadian views, and this would no doubt have some bearing on the conduct of any talks about revising the system.

N.A. R[OBERTSON]

237. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], April 9, 1959

Present:

The Prime Minister and Acting Secretary of State for External Affairs (Mr. Diefenbaker) in the Chair,
The Minister of Public Works (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

EXEMPTION OF CANADIAN OIL FROM UNITED STATES RESTRICTIONS;
INTRODUCTION OF NATIONAL ENERGY BILL

1. *The Minister of Trade and Commerce* said that U.S. authorities were becoming increasingly concerned over the Canadian reaction to the recently imposed U.S. mandatory oil restrictions and had been actively considering granting exemptions for Canadian oil. As a result, they had asked the question whether if a firm and formal assurance were given to the Canadian government confidentially, within the next few days, that an exemption would be made for Canadian oil, the introduction in Parliament of the National Energy legislation could be deferred until after April 30th. The U.S. did not wish to announce their action until the Venezuelan Minister of Petroleum had returned to his country from Cairo.

The Minister suggested that the U.S. be told that the legislation would not be introduced by the end of the following week. Provided an assurance in writing had been received by that time, the U.S. might be informed that there would be no debate until after the end of the month. It had not been planned in any event to place the resolution on the energy legislation on the order paper until towards the end of the budget debate.

2. *The Cabinet* noted the report of the Minister of Trade and Commerce on the possibility of the United States exempting Canadian oil from import restrictions, and deferred decision on the U.S. request that, provided an assurance of such action was given, the debate on the National Energy bill would be postposed until after April 30th.

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238. PCO/U-12-3

Note du sous-ministre adjoint du commerce

Memorandum by Assistant Deputy Minister of Trade and Commerce

CONFIDENTIAL Ottawa, April 13, 1959

U.S. OIL IMPORT RESTRICTIONS — CANADIAN EXEMPTION

Ed Ritchie phoned on Friday April 10 and informed me that in his judgment an exemption from the restrictions for Canadian crude oil was definitely coming through. The State Department was proceeding to obtain interdepartmental clearance without awaiting word from Ottawa concerning the timing of the debate on the National Energy Board legislation. In substance the exemption had been cleared with the Departments of Commerce and Defence and was being cleared with the Department of Interior. Ritchie warned that there was however some danger in undue delay on our part in falling in with U.S. suggestions concerning the timing of our debate. The Canadian position might be very embarrassing if the situation changed, an exemption was not given, and it were subsequently learned that an offer had been made to Canada and the opportunity to secure an exemption from the restriction had been lost as a result of our delay or failure to cooperate with the U.S. concerning timing.

Ritchie informed me that the question of an exemption for liquid petroleum gases (LPG's) was proving to be very complex and might have to be set aside, at least for the time being, that is to say the U.S. exemption would be with respect to crude oil. There was a definite disposition on the part of U.S. authorities to resolve the question of L.P.G.'s in a manner satisfactory to Canada, but the technical problems had not yet been solved and some time would be required.

Ritchie told me that Quarles, Department of Defence, seemed personally to be in favour of an exemption written in terms of a "designated country" — the designated country being Canada. On balance, Ritchie said he preferred the idea of the exemption being for pipeline oil.

Ritchie advised that according to present thinking the United States would be making two announcements. The first would be in the form of an amendment to the U.S. mandatory import control regulations exempting Canadian oil. The second would be in the form of a statement which would carry the approval of the Executive.[268] The statement would not as indicated in earlier messages make reference to the various understandings which it was proposed should be agreed with Canada in the context of the exemption. Instead it would refer to the exemption having been made in the light of the close defence and other relationships with Canada. On the other hand, the United States authorities would expect that a parallel statement might be made on the authority of the Canadian Government in which the exemption would be welcomed and in which it would be affirmed that access to the Canadian market for foreign crudes, including those of Venezuela, was not presently restricted, and should this change in the future Canada would recognize that a new situation had been created in which consultations between interested governments would be appropriate. Apparently Mann is of the view that because the exemption is likely to be in terms of pipeline oil it would not be necessary to make any reference to the problem of transhipment.

It will be recalled that in December it was agreed that should Canadian oil be exempted we would be prepared to consult with the United States should the "exemption result in Canada exports of crude oil to the U.S. suddenly or materially increasing as a result of the substantial increase in Canadian consumption of imported oil." I understood from Ritchie that an understanding of this character would not meet present U.S. preoccupations. Mann apparently is also concerned about the situation which might arise if our oil position should develop in a way which would permit us to expand our sales to the United States in such magnitude as to upset the U.S. program. The upshot of discussion between Ritchie and Mann on this point was to agree not to try and cover the situation in the two statements but to leave it aside with the knowledge that should such a development occur it would inevitably be a matter for consultation between the two governments.

Late Friday I was able to inform Ritchie that Ministers had agreed that an assurance could be given to the United States authorities that there would be no debate on the N.E.B. legislation until the end of this week, April 18, on the understanding that a written commitment concerning the exemption of Canadian oil would be forthcoming in the meantime; secondly, that on receipt of U.S. assurances concerning the Canadian exemption, a further assurance could be given that the debate in the Commons on the N.E.B. would not be initiated until April 25. Ritchie indicated that the date of April 25 would not be satisfactory from the U.S. point of view since Perez Alfonso would not by then have returned from Cairo and could not therefore be reached.

This morning, April 13, Ritchie phoned to say that he had discussed the matter of the timing of the N.E.B. debate with Mr. Churchill in Washington yesterday. Mr. Churchill now perhaps appreciates better the reasons for U.S. anxiety about the timing of our Energy Board debate and has asked that any decision extending the time during which the N.E.B. debate would not take place should be deferred until he returns to Ottawa and can discuss the question with his Cabinet colleagues in the light of his talks in Washington.[269]

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[268] Le président Eisenhower a levé les contrôles sur les importations de pétrole brut canadien le 30 avril 1959. Voir *New York Times*, May 1, 1959, pp. 1 et 8.
President Eisenhower removed the controls on Canadian crude oil imports on April 30, 1959. See *New York Times*, May 1, 1959, pp. 1 and 8.

[269] Il a fallu attendre le 18 mai 1959 pour que le projet de loi instituant l'Office national de l'énergie soit présenté. Voir Canada, Chambre des Communes, *Débats*, 1959, volume III, pp. 3949 à 3953.
The bill to establish the National Energy Board was not introduced until May 18, 1959. See Canada, House of Commons, *Debates*, 1959, volume III, pp. 3766-3770.

Ritchie reported that Mann and others in the State Department are anxious that the exemption of Canadian oil from the U.S. restrictions should not be represented in Canada as a concession which had been unwillingly extracted from the United States. Instead, he hoped that the United States would be given some credit for having been working some time to find a way to provide such an exemption. Mann also hoped that when Perez Alfonso was in Ottawa Mr. Churchill, or whoever else, sees the Minister of Hydrocarbons, should endeavour to remove any impression that the exemption is a "sly U.S. dodge" directed against Venezuela. In this connection, it would be desirable to let him know how substantial had been the pressures in Canada for the protection of our own oil industries which would have affected the access of Venezuela to the Canadian market.

J.H. WARREN

239. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], November 12, 1959

Present:

The Prime Minister and Acting Secretary of State for External Affairs (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

ROYAL COMMISSION ON ENERGY; OIL EXPORT POLICY

1. *The Minister of Trade and Commerce* said it was expected that the United States would, in the near future, set new import allocations for the first half of 1960 for District No. 5 (Puget Sound). This proposed U.S. action, plus the recent decreases in the export of oil from Canada, had lead to representations from the National Energy Board and leaders of the independent segment of the oil industry that it was desirable for the government at this time to make a policy statement on the export of oil. There was danger that in setting up allocations the U.S. authorities might be guided by the present low Canadian figure of 32,000 barrels per day. It was highly desirable that they be guided by the future potential of Canadian export rather than by current performance, otherwise their imports from foreign sources would be correspondingly higher.

The Minister thought that the U.S. authorities should be told that the amount of Canadian oil now exported was one half of what it could really be. The production could easily be increased to 75,000 barrels per day before the end of the year.

The heads of the oil companies should be called to Ottawa and given an indication of government policy on the marketing of Canadian oil. Was this not the time for the government to state whether or not it was in favour of the recommendations of the Borden Report?[270] The government should say that the national policy was to encourage and permit the export of Canadian crude oil without licence, and to ensure the continued use, consistent with the interests of the Canadian consumer of petroleum products, of Canadian crude in refinery areas of Canada accessible to it by existing pipeline facilities thereby increasing the market outlets for such crude oil. Many oil companies were refusing to increase their production until the government had stated its policy. The Minister submitted a draft statement of policy for consideration.

An explanatory memorandum was circulated, (Minister's memorandum, Nov. 12 — Cab. Doc. 358-59)†

2. *Mr. Alvin Hamilton* reported that recently he had met with the Canadian petroleum association in Calgary. He had told them that the government wanted government-owned and operated Canadian oil companies which would operate with Canadian interests in mind. He said that Canadian companies were now operating at 40 per cent of capacity, U.S. companies at 70 per cent, while in Venezuela and in the Middle East oil companies were operating at 100 per cent capacity.

3. *During the discussion* the following points were raised:

(a) Why was Canadian oil production so low at the moment? Some thought that the major oil companies were unlikely to take steps to increase exports unless and until the government had announced its policy. There was strong reluctance to the government binding itself to the recommendations of the Borden Commission as suggested in the draft statement of the Minister of Trade and Commerce. The companies concerned were aware of the threat that, if they did not export oil in large quantity, the Montreal oil pipeline might be constructed.

(b) It was difficult to understand why the oil companies were not increasing their exports, now that through the government's action the U.S. import quotas had been removed. The government's disappointment should be conveyed to them and they should be asked what their plans were.

4. *The Cabinet* agreed that the government make no policy statement at the moment with respect to the export of oil as suggested by the Minister of Trade and Commerce but instead,

(a) that Mr. Churchill and Mr. Alvin Hamilton meet with representatives of the oil industry, to discuss with them their plans for the production and sale of oil with particular regard to the expected early U.S. announcement of new oil import allocations for District No. 5; and,

(b) that the Canadian Embassy in Washington be instructed to point out the competent U.S. authorities that, although at the present time the export to District No. 5 was 32,000 barrels per day, it was expected that it could be increased to 70,000 barrels per day before the end of the year and could reach 140,000 barrels per day early in 1960.

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[270] La Commission Borden (Commission royale d'enquête sur l'énergie, de son nom officiel) a été mise sur pied en octobre 1957, afin qu'elle examine la situation de l'énergie au Canada dans tous ses aspects. La Commission a produit deux rapports : le premier en octobre 1958 au sujet du gaz naturel, et le deuxième en juillet 1959 au sujet du pétrole.
The Borden Commission, formally known as the Royal Commission on Energy, had been formed in October 1957 to examine all aspects of Canada's energy situation. The Commission released two reports, the first in October 1958, dealing with natural gas, and the second in July 1959, dealing with oil.

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SECTION C

ACHATS D'URANIUM
URANIUM PURCHASES

240. C.E.W./3176

Note du ministre de l'ambassade aux États-Unis

Memorandum by Minister, Embassy in United States

SECRET [Washington], April 13, 1959

NOTES ON DISCUSSION WITH MR. MCCONE, CHAIRMAN OF THE AEA, REGARDING URANIUM

Mr. Churchill, accompanied by Gilchrist of Eldorado and Ritchie of the Embassy, attended a meeting with Mr. McCone at 2:30 p.m. on April 13. Johnson, Olson and Upchurch of the AEC were also present.

2. Mr. Churchill explained that the submission on this subject at this stage was being made by Eldorado, the Canadian Crown Corporation involved in arranging the uranium contracts with the AEC. His main reason for coming down on this occasion was to meet Mr. McCone and to stress the importance attached by the Canadian Government to the position of the uranium industry in Canada. Several times during the past two years he had discussed with members of the United States Administration various other matters affecting relations between the United States and Canada. He was sure that the present problem would also be considered against the background of the general relations between the two countries.

3. Mr. Gilchrist then presented the views of Eldorado along the lines set out in the attached memorandum.† He was not pressing for an immediate decision on the question of the options, but he was anxious that consideration of the problems involved should be initiated in the near future. He noted that normally firms engaged in underground mining had to make their plans some four or five years in advance. He thought that the period between March of 1961 and various dates in 1962-63 was really too short for prudent planning. It was most desirable, therefore, that the AEC should make up its mind and declare its policy a good while before the formal option date.

4. Mr. McCone appreciated the background sketched by Mr. Gilchrist. The Commissioners of the AEC "were not blind" to the important part which the Canadian uranium industry had played in the development of the United States atomic energy programme (for weapons and other purposes). They also "were not blind" to the great importance of United States-Canadian relations. At the same time, they were accountable to Congress and to the United States taxpayer. Since there was so much uncertainty about the prospect ahead, he did not see how they could possibly take a decision on the option question very far in advance of the date specified in the contracts. Some witnesses before the congressional committees had testified that the United States had more bombs than it needed. Others had argued for a substantially larger accumulation of weapons. In April 1958, it would not have been possible to foresee that by April 1959 discussions would be taking place aimed at the possible suspension of nuclear tests. The situation had changed frequently in the past and it could change drastically in the future. With so much uncertainty ahead, no one would understand, or accept, a decision now by the AEC about its uranium requirements after 1962-63.

5. Mr. McCone mentioned that in his private business he had chartered several ships to the United States Steel Company under contracts which included an option clause. He would like nothing better than to get a decision from United States Steel now that those options would be taken up. He knew, however, that if he went to that Company and made such a proposition, the Company would answer that it had until a specified date in the future to make up its mind, and that it could not justify an earlier decision to its stockholders since the movement of iron ore in the future could not be confidently predicted. He thought there was some similarity between this case and the case of the uranium contracts with Canada.

6. Mr. McCone noted that while some of the Canadian companies might encounter financial difficulties after 1962-63, others were in a pretty healthy position and seemed very likely to amass substantial profits over the period. Even the ones which might be left with a heavy bonded indebtedness would have fairly clear titles to some valuable properties and equipment. The United States taxpayers would not see much reason why they should rescue companies which generally had not done too badly out of the whole operation. He noted that the taxpayers of the United States were spending about 500 million dollars a year on uranium of which some 100 million dollars was in excess of actual requirements. They also had financed about 7 billion dollars worth of plant with no prospect of any financial return. These things they had done for the defence of this continent and of the "free world." He was afraid that someone might use the old cliché that the American taxpayers are expected to pay for the defence of the Western world, while the Canadians do their part for a 6% return.

7. In general, Mr. McCone thought that the big decisions had to be deferred until the situation was much clearer. The United States authorities last year had attempted to limit their obligations by putting an end to the open commitment which they had previously extended to domestic producers of uranium. Their present commitments to the domestic industry would apparently run out around the same time as the Canadian contracts. The AEC would obviously have to look at the whole situation in deciding what it was going to do for the future.

8. Mr. McCone understood the concern felt in Canada over the hardships confronting some of the communities which were dependant entirely on uranium production. He himself had grown up in the mining areas of the western United States and knew how dislocating the closing down of mine could be. He had seen many ghost towns and they were indeed a sorry sight. Mr. Gilchrist intervened to remark that most of the ghost towns mentioned by Mr. McCone had declined fairly gradually. The uranium communities in Canada were faced with the possibility of a sudden and abrupt cut-off. The difficulties for people in these communities would, therefore, be much more serious. These people were already finding it difficult in all the uncertainty to make plans for themselves and their families.

9. Mr. McCone said that while the Commission could not even look at the option question until much nearer to March 1961, they would be prepared to examine the possibility of a mutually satisfactory arrangement for "stretching out" deliveries under the existing contracts. He thought that some three or four thousand tons scheduled for delivery in each of the years from 1959 to 1963 might be carried forward into the period from 1963 to 1966. The possibility of some such a "stretch out" had been discussed with the members of the Joint Congressional Committee and with the President. There was no objection to this course and the Commission had authorized Mr. Jesse Johnson to explore the matter with the Canadian authorities. The Commission would be prepared to consider quickly any recommendation which Mr. Johnson might make. If the United States budget of the next three or four years was to get the maximum benefit from the deferment of shipments and if the Canadian industry was to have the maximum amount carried forward to help in filling out the lean years, it was important that any decision to spread the contract quantities over a long period should be taken soon. Mr. McCone

emphasized that he was prepared to see the possibility of a "stretch out" examined only if it were to be separated completely from the option question.

10. Mr. Churchill expressed the view that this exploratory discussion had been useful. He agreed that future discussions on the possibilities should be held very soon. On the option question, even though a definite decision were to be withheld, he thought it might become desirable for some indication to be given that a negative decision had not been taken. In other words, it might be well for the industry and the public to realize that the absence of any decision did not mean that the options, in whole or in part, would never be taken up.

11. It was agreed that for the immediate future no reference would be made to the option question in anything which had to be said publicly about the present talks. It would merely be indicated that discussion had taken place on common problems, including problems relating to the uranium industry.

12. In the course of the discussion, there was some question about the extent to which the United States Government had been involved in financing uranium production in other countries such as South Africa and Australia, and also about the extent to which those producers had been guaranteed a profit. In the case of South Africa, United States financial assistance had taken the form of a loan from the Export-Import Bank which had been sponsored or supported by the AEC. So far as profits were concerned, the South African producers were "guaranteed" a profit only if they could produce within the established (or negotiated) ceiling.

13. There was some discussion about the confusion that might be caused by private Canadian firms in the uranium industry making direct approaches in Washington. It was recognized that the formal channel for discussions on these matters should be Eldorado (or appropriate representatives of the Canadian Government). While the AEC and the Congressional people might receive representatives of the Canadian firms, this would only be a courtesy and should not involve substantial or formal discussions.

14. At the end of the meeting, McCone remarked (possibly rather significantly) that he would like a copy of Eldorado's submission to give to Mr. Dillon in the State Department. This would appear to indicate that the State Department is being consulted, or at least kept informed, at a high level.

15. Mr. McCone was quite pessimistic about the prospective demand for uranium for peaceful purposes. He quoted an estimate which had been given to him that (as I understand it) a generating capacity of 1,000,000 kilowatts based on natural uranium would absorb only about 1% of the uranium production of the United States and Canada. At this rate he did not see much chance of atomic power development creating a market for the world's uranium output in the foreseeable future.

16. Mr. McCone also said at one point in the discussion that "so long as I am Chairman," the AEC will not forget the effort which Canada made to meet United States requirements in critical times in the past.

A.E. RITCHIE

241. PCO/R-100-1-U

Le président de l' United States Atomic Energy Commission au ministre du commerce

Chairman, United States Atomic Energy Commission, to Minister of Trade and Commerce

Washington, June 25, 1959

Dear Mr. Minister:

It was my understanding at the close of our meeting on April 13 that Mr. Gilchrist and Mr. Johnson would be meeting soon in an attempt to develop a stretch-out arrangement which would assure Canada a reasonable uranium production rate in the 1962-1966 period.

As I outlined during our meeting, the AEC is committed to purchase more uranium during the next three years than it plans to use. Considering the surplus that will be acquired during these years, the Commission probably is now fully committed for its uranium requirements for the next four or five years. With no change in requirements for fissionable materials, our needs for uranium may be reduced as a result of improvements in the gaseous diffusion operations. With respect to requirements for fissionable materials five or six years hence, you can well appreciate the uncertainties. In the light of these circumstances, it is unlikely that the Commission will be in a position to exercise its Canadian options by March 31, 1961.

While a stretch-out would benefit the Commission during the next three years, I am also concerned about an arrangement to ease Canada's problem. Consequently, I believe that a plan for extending Canadian uranium production by rearranging deliveries under existing AEC contracts should be developed as soon as possible. In this, you would have our fullest cooperation.

With kind regards.

Sincerely yours,

JOHN McCONE

242. C.E.W. Vol. 3175

Note de l'ambassade aux États-Unis pour l'ambassadeur aux États-Unis

Memorandum from Embassy in United States to Ambassador in United States

SECRET Washington, August 5, 1959

Mr. Gilchrist, President of Eldorado, called at the Embassy on July 31 to tell Mr. Ritchie about his discussions of the previous day with Jesse Johnson (USAEC) on the USA-Canada uranium contracts. These discussions were designed to explore a suggestion by Mr. McCone to Mr. Churchill that a plan for "stretching out" Canadian deliveries under the contracts be worked out as soon as possible. (Copies of Mr. McCone's letter of June 25 and of the Under-Secretary's comments of July 28† to Mr. Gilchrist are attached.)

2. Mr. Gilchrist began by saying that the point made in the last sentence of your telegram number 1590 of June 23† was well taken and that he had hoped there might be some possibility of additional purchases of uranium by USAEC in return for a "stretch-out" in the contracts. However, as a result of his discussions with Johnson, he was now convinced that this was not a practical possibility. Not only was sentiment in both USAEC and the Joint Congressional

Atomic Energy Committee strongly opposed to additional purchases, (legislation now under consideration would prevent such purchases without the express approval of Congress) but recent adverse developments in the Canadian industry had greatly weakened our bargaining position. The present contracts provide that each Canadian company under contract shall supply uranium from its own mines. If, therefore, a company goes out of business, USAEC purchase commitments from that company lapse. Since two or three Canadian companies were now faced with bankruptcy, Mr. Gilchrist foresaw the possibility of Canada losing as much as $100 million worth of USA purchase commitments unless some understanding was reached with USAEC. Johnson was, of course, aware of the situation but had offered to write a master contract covering all outstanding US purchase commitments, if Canada would agree to a stretch-out in deliveries to 1966. Such an arrangement would preserve the US commitment to purchase all the uranium now under contract, irrespective of the fate of individual Canadian companies, and would permit a redistribution of the contract quantities among the stronger companies, along the lines described in Ottawa's letter No. ET568 of June 11,† and the retirement of the outstanding debt of the companies facing bankruptcy.

3. Mr. Gilchrist understood that USAEC was free to negotiate a master contract of this kind without reference to Congress or the Treasury. A meeting of the Canadian Ministers concerned had been called by the Prime Minister for August 4 and he expected that the Canadian attitude would be determined at that time. He seemed to think that negotiations had proceeded as well as might be expected and that Jesse Johnson was genuinely trying to do his best for Canada. He agreed with the Embassy's assessment that it would be best to continue negotiations for the time being through the Eldorado-USAEC channel, unless Ministers should decide to carry forward discussions at the political level.

4. Mr. Gilchrist also referred briefly to the Canada-United Kingdom uranium contracts, saying that some stretch-out in the first two contracts (for 5,500 and 5000 tons of uranium respectively) was likely. He hoped that the British authorities could be held to their third contract for 12,000 tons, the status of which has been in some doubt.

J.C. LANGLEY

243. DEA/14003-U-4-3-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM ET-992 Ottawa, August 6, 1959

SECRET. OPIMMEDIATE.
Reference: Your Tel 1590 June 23.†

USA URANIUM OPTIONS

The Cabinet Committee has now studied the outlook for the Canadian uranium industry and has concluded that steps must be taken as soon as possible to negotiate the kind of stretch-out of the USA contracts that has been under consideration.[271] Gilchrist will be discussing details with McCone as soon as possible; we understand that he left for Washington on August 5.

[271] Le procès-verbal de la réunion du comité du Cabinet n'a pas été retrouvé.
The minutes of the meeting of the Cabinet Committee were not located.

2. In view of the domestic problems created by the difficulties facing the uranium industry, Ministers consider that it is imperative to seek a definitive statement of the United States position on the options. You should therefore, as soon as possible, present to the State Department a Note on the following lines, Begins:

I have the honour to refer to the options for the purchase of Canadian uranium between 1962 and 1966 held by the United States Atomic Energy Commission.

As the United States Government is fully aware, the Canadian uranium industry was expanded to its present level of output primarily to supply the nuclear source material required for defence needs. The Canadian Government considers it essential that the industry now be enabled to maintain itself on a sound and economic basis so that it may continue to serve these and other requirements, and assumes that the United States Government shares the view that this is a desirable objective. In these circumstances, and in order that the Canadian uranium industry may be in a position to consider what steps can be taken to bring production and probable demand more nearly into balance, my government wishes to ask whether or not the United States Atomic Energy Commission will be authorized to exercise some or all of its options on Canadian production between 1962 and 1966.

In asking for an advance clarification of this point, I feel that I may rely upon the close and mutually beneficial cooperation in this field which has long existed between our two countries.

Accept, etc., Text Ends.

3. In presenting your Note you should explain that Canadian ministers regard it as most important to be able to state that this question was taken up at the highest level with the United States authorities and that you therefore wish to be put in a position to assure us that the reply has been seen by the President. You should also indicate that we may later consider it advisable to make public this exchange of notes.

244. PCO/R-100-1-U

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1942 Washington, August 7, 1959

SECRET. OPIMMEDIATE.
Reference: Your Tel ET-992 Aug 6.

USA URANIUM OPTIONS

I delivered the Note contained in your reference telegram to Farley, Secretary Herter's Special Assistant for Disarmament and Atomic Energy, this afternoon asking that it be brought to the Secretary's attention as soon as possible. In accordance with your instructions, Farley was also informed that, in view of the importance that Canadian ministers attached to this question, we would wish to be able to assure you that the USA reply had been seen by the President. We also indicated that you might later consider it advisable to make public the exchange of notes. (Our Note bears "Secret" security classification.)

2. In response Farley said that he would not repeat not comment in substance on our Note. He told us that Under Secretary Dillon had already been alerted to its delivery and that it would be

brought to the Secretary's attention. He took note of our wish that the President see the USA reply, merely commenting that this might involve a slight delay.

3. Speaking more generally, Farley indicated that he was well aware of the Canadian problem and acknowledged that it was of relatively greater dimensions than that of the USA. However, he cited recent discussions in Congress on USAEC appropriations as evidence that the Administration had little latitude with regard to future additional purchases of uranium. He also mentioned the pressures generated by the domestic uranium industry against further foreign purchase of uranium.

245. DEA/14003-U-4-3-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2089 Washington, August 23, 1959

SECRET. OPIMMEDIATE.
Reference: Our Tel 2040 Aug. 24.†

URANIUM OPTIONS

Dillon, as Acting Secretary, this afternoon handed me the USA reply to our Note of August 7. In doing so he said only that intention of USA Government in replying in definite terms was to facilitate future Canadian planning. Text of the Note, which is classified Secret, follows:

"Excellency: I have the honor to refer to your Note No. 476 of August 7 regarding the exercise of options by the USA Atomic Energy Commission for the purchase of Canadian uranium between 1962 and 1966.

Discussions have taken place between the Department of State and the Atomic Energy Commission, and the Department has been informed that the Commission will not be in a position to exercise any of these options by March 31, 1961.

However, the Atomic Energy Commission is presently committed to purchase more uranium during the next three years than it requires. Considering the surplus that will be acquired during these years, the Commission probably is fully committed for its uranium requirement for the next four or five years. Beyond that there are still heavy commitments, principally with domestic producers, which extend to the end of 1966.

The present position of over commitment is due to larger increases in domestic production than anticipated. The USA Atomic Energy Commission has already taken steps to stretch out domestic deliveries and to limit its obligations under a domestic procurement program publicly announced in 1956.

Therefore, it is with the greatest regret that the Government of the USA must inform the Government of Canada that it will not be in a position to exercise its options.

In view of the importance of this matter the substance of this Note has been discussed with the President.

Accept, Excellency, the renewed assurances of my highest consideration. Acting Secretary of State"

[A.D.P.] HEENEY

246. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 1, 1959

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Browne),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Martin), (Mr. Hodgson).

. . .

URANIUM DISCUSSIONS WITH THE UNITED STATES;
REPORT BY MINISTER OF TRADE AND COMMERCE

15. *The Minister of Trade and Commerce* said that the United States had now indicated on the highest diplomatic level that the U.S.A.E.C. options on Canadian uranium production between March 31st, 1962, and December 31st, 1966, would not be exercised. This indication had been expected for some months. Since no alternative market yet existed for the surplus production, special action was required to keep the industry in being until the peacetime uses of atomic energy had created new and continuing markets.

A Cabinet Committee had examined the uranium problem. One of the serious features of the existing position was that, under the contracts, if a particular mine should cease to operate, its contract could not be transferred to another company. About 20 million pounds, representing a value of over $200 million, could thus be lost to Canada under these contracts. Several of the mines were known to be in a weak financial position.

In order to guard immediately against the loss to Canada of any of the 100 million pounds remaining to be delivered, a Basic Contract between the U.S.A.E.C. and Eldorado had been prepared and was ready for signature. This contract would provide for the amalgamation of the sixteen contracts between the U.S.A.E.C. and Eldorado, so that transfers between companies of any unfilled part of the overall contract would become matters for determination in Canada, and none of the total sale would be lost.

Secondly, it was proposed to "stretch out" deliveries beyond March 1962 by agreement, thereby maintaining some production for about 18 months thereafter, and meanwhile appreciably reducing U.S.A.E.C.'s yearly expenditures for raw materials. A Master Contract would be negotiated to cover the proposed "stretch out."

Thirdly, the United Kingdom had last year requested a sharp reduction in its existing commitment to accept 12,000 tons of Canadian material, between 1963 and 1966 but would probably be prepared to accept the full amount if deliveries could be stretched out over a longer

period. No difficulty was anticipated in negotiating a "stretch out" of the two earlier contracts between the U.K. and Eldorado.

The Minister therefore recommended that the President of Eldorado be authorized to sign the proposed Basic Contract with U.S.A.E.C., and to begin negotiations for a Master Contract with U.S.A.E.C. and a contract with U.K.A.E.A. which would provide for a stretching out of deliveries after March 1962. Cabinet approval for these additional contracts would be sought at a later date. When international arrangements had been renegotiated, consultations would take place with Canadian producers with regard to transfers of commitments held by mines ceasing operations.

16. *The Prime Minister* emphasized the confidential nature of these negotiations and the major effect they could have upon stock market transactions if information should leak out prematurely. He requested that members of the Cabinet should abstain from either buying or selling uranium shares until all these proposed re-arrangements had been made and publicly announced.

17. *During the discussion* the following points were raised:

(a) Unless the contracts were stretched out, the entire Canadian uranium industry might be obliged to shut down shortly after March 1962.

(b) The Cabinet Committee proposed to give consideration to the method whereby a producer, when ceasing operations might transfer the remainder of its production contract to another company. Whatever the procedure, there should be no coercion. Each company would remain free to continue production as long as it was able or until it had delivered the contractual poundage of uranium.

(c) If possible, the transfers should be made by private negotiations between the companies and without government intervention. This, however, involved the probability that the larger companies would be the ones to receive transfers of contracts. On this basis there would probably be only five producing companies by 1962. The government should therefore consider the desirability of keeping the right to oversee such transfers, in order to prevent a single company from reaping the entire benefit from them. Alternatively, the larger companies might be prohibited from receiving additional contracts from mines ceasing operations.

(d) The technique of such transfers could not be discussed with the producers themselves at this stage, since such discussions could begin a chain of events leading to substantial losses to thousands of shareholders.

(e) The government was inescapably involved in the future of the uranium industry, and would be blamed, rightly or wrongly, for any misfortunes suffered by any or all producers.

(f) The implications of alternative methods of arranging transfers between companies should be reported upon by the qualified officials.

(g) New ore-bodies would be useless at this time, since no further production contracts were available. Perhaps it would be possible, however, that a large company might accept a transfer from a failing company and open a new mine.

18. *The Cabinet,*

(a) approved in principle the recommendations of the Minister of Trade and Commerce,

(i) that arrangements be made to pool the Eldorado uranium contracts with the U.S. Atomic Energy Commission in order to prevent any loss of business to Canada due to the cessation of operations of any particular uranium mine; and,

(ii) that the transfer of contracts between uranium producers, for production beyond the expiry of the existing contracts with the U.S. and the U.K., be accepted as a method of maintaining the industry; and,

(b) requested the Minister of Trade and Commerce to provide further information regarding the conditions under which Eldorado might permit transfers of contracts between companies and regarding the terms of a proposed Basic Contract between Eldorado and U.S.A.E.C. providing for the pooling of existing contracts.

R.B. BRYCE
Secretary to the Cabinet

247. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 2, 1959

Present:

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill) (for morning meeting only),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Minister without Portfolio (Mr. Browne),
The Minister of Defence Production (Mr. O'Hurley),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin), (Mr. Hodgson).

. . .

URANIUM DISCUSSIONS WITH THE UNITED STATES;
REPORT BY MINISTER OF TRADE AND COMMERCE
(PREVIOUS REFERENCE SEPT. 1)

7. *The Minister of Trade and Commerce* pointed out that, under the proposed arrangement, a uranium producer could not transfer its contract to another company without the permission of Eldorado and the U.S.A.E.C., and that no such transaction had yet been permitted. When the proposed Basic Contract and Master Contract had been signed between U.S.A.E.C. and Eldorado, transfers could be negotiated directly between the two companies concerned and without reference to U.S.A.E.C. The government would not be involved, except that a transfer could not be made without the permission of Eldorado as one of the parties to the existing contract. Eldorado would give permission subject to the specified rules to be authorized by the Cabinet.

8. *During the discussion* the following points were raised:

(a) The proposed rules would provide for the stretching out of production. A company receiving an assignment might take the added production at a later date from its established mines or from the property of the company relinquishing the contract. In practice, companies might be expected to concentrate their operations with a view to cutting overhead expense. They would be prevented from using transfers of contracts as a means of opening new mining properties.

(b) The suggested procedure would not prevent a large company from receiving contracts from a company ceasing operations, but such transfers would be voluntary and would not occur as the result of government direction.

9. *The Cabinet* approved the recommendations of the Minister of Trade and Commerce,

(a) that only those companies already holding a contract with Eldorado for the production of uranium would be eligible to receive the transfer of a contract;

(b) that a company receiving a contract be not allowed to produce at a higher rate than that permitted by the contract it held at this time;

(c) that a company receiving a contract be required to produce the added uranium from the ground specified in the active contracts, which would be listed in the proposed Basic and Master contracts between Eldorado and U.S.A.E.C.;

(d) that the $2.50 per pound advance would be paid to the company relinquishing a contract; and,

(e) that the draft Basic Contract be reviewed by the Cabinet Committee that had been dealing with uranium questions and comprising the Minister of Trade and Commerce, the Secretary of State for External Affairs, the Minister of Finance, the Minister of Mines and Technical Surveys, and the Minister of Public Works, the Committee to bring its recommendations before the Cabinet as soon as possible.

. . .

248. DEA/14003-U-4-3-40

Procès-verbal de la réunion du Comité du Cabinet sur des questions liées à l'industrie de l'uranium

Minutes of Meeting of Cabinet Committee Dealing with Matters Pertaining to the Uranium Industry

SECRET [Ottawa], September 8, 1959

Present

The Honourable Howard C. Green, (Chairman), (Secretary of State for External Affairs)
The Honourable Donald M. Fleming, (Minister of Finance)
The Honourable Paul Comtois, (Minister of Mines and Technical Surveys)
The Honourable D.J. Walker, (Minister of Public Works)

Also Present

Mr. R.B. Bryce, (Secretary to the Cabinet)
Mr. N.A. Robertson (Under-Secretary of State for External Affairs)
Mr. K.W. Taylor, (Deputy Minister of Finance)
Mr. J.S. Hodgson, (Assistant Secretary to the Cabinet)
Mr. R.E. Barrett, Mr. R.C. Powell, Mr. G.M. Jarvis, (Eldorado Mining and Refining Limited)
Mr. D. Morley, (Assistant Secretary), (Privy Council Office).

1. *The Chairman* said that the meeting had been called to examine the Basic Contract drafted by the representatives of Eldorado and the U.S.A.E.C.

2. *During the discussion*, the following points emerged:

(a) Article II, Paragraph 6, permitted delivery of concentrates only from those properties, claims or areas specified in the original contract with the U.S.A.E.C.

(b) The proposed Basic Contract between Eldorado and the U.S.A.E.C. would consolidate existing contracts into one. The Contract would permit Canada to defer 3,000 tons now deliverable prior to July 31st, 1962, into the period July 1st, 1962 to March 31st, 1963. The

second stage would be the negotiation of the contracts between Eldorado and the producers and the consolidation of any transfer arrangements into a Master Contract with the U.S.A.E.C. In delivery on concentrates to the U.S.A.E.C., no distinction would be made as to the source of any particular lot, except for the proviso in Article II, Paragraph 6.

(c) Irrespective of the mine from which concentrates were obtained, the price of each parcel delivered would be maintained at the level stipulated in the original contracts with the U.S.A.E.C.

(d) If negotiation for deferred delivery with producing companies broke down, Eldorado would be able to stockpile the amount required for deferment. An initial payment of $2.50 would be made per pound of uranium stockpiled; the balance to be paid at the date of deferred delivery.

(e) It was the opinion of Eldorado Mining and Refining officials that the Basic Contract could be entered into with the United States without participation for consent by the U.K., and without prejudicing Canada's original contract commitments with the U.K. for delivery of 11,500 tons of concentrates.

(f) The 12,000 tons scheduled for delivery from 1962 to 1966 could be dealt with separately. The original agreement with the U.K. was a bulk agreement and deliveries were not tied to individual producers.

(g) After Cabinet approval had been given, the Contract would be signed with the U.S.A.E.C. A carefully worded public announcement would then have to be made by the government outlining the proposed plan. After this, the co-operation of producers could be sought to effect the transfer of contracts.

3. *The Minister of Finance* said he was disturbed at the publication of the Clarkson Report outlining the state of "Uranium in the Western World."[272] The stock market had been quite seriously affected.

4. *The Secretary to the Cabinet* said that publication of the report had been made with the concurrence of the Minister of Trade and Commerce, and was intended in part to convey to industry the existing situation in the world market, and to prepare them for the adjustment that was to take place.

5. *The Committee agreed* that the Basic Contract should be submitted to Cabinet for approval.[273]

R.B. BRYCE
Secretary to the Cabinet

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[272] Voir/See S.W. Clarkson, *Uranium in the Western World: A Study of the Short Term Market Prospects for Canadian Uranium* (Atomic Energy of Canada Limited, 1959).

[273] Le Cabinet a approuvé le contrat de base le 11 septembre 1959.
Cabinet approved the Basic Contract on September 11, 1959.

249. C.E.W. Vol. 3175

Note du ministre de l'ambassade aux États-Unis pour l'ambassadeur aux États-Unis

Memorandum from Minister, Embassy in United States, to Ambassador in United States

SECRET [Washington], October 12, 1959

CANADA-USA URANIUM CONTRACTS

Bill Gilchrist had hoped to see you on October 9 to tell you about his negotiations with USAEC for a new basic uranium supply contract. In your absence, he called at the Embassy to see me and the officers concerned with atomic energy. He told us that Cabinet had approved the conclusion of the basic contract and that he hoped to have the document in final form before he left Washington on October 14, although signature would have to be delayed until Mr. McCone's return later this month from his USSR visit.

2. The basic contract is designed to do two things:

(a) amalgamate the present contracts (of which there is one for each Canadian supplier) into one document and thus preserve for Canada the USAEC's commitment to purchase all the uranium not as yet delivered under the present contracts (about 50,000 tons). Under the latter, USAEC's commitment lapses if a supplier goes bankrupt, as several of the Canadian companies may;

(b) provide for a "stretch-out" of deliveries beyond the present deadline of 1963.

3. Mr. Gilchrist explained that the basic contract would only provide for deferment on deliveries of about 3,000 tons but that this was unavoidable due to the need to consult with the Canadian industry before a more substantial stretch-out was arranged. Agreement to negotiate further would be covered in letters of intent with USAEC and UKAEA (the latter being involved because of the triangular arrangement under which Canada supplies the United Kingdom with uranium originally earmarked for USAEC).

4. Mr. Gilchrist also told us that Cabinet had approved the signature of the basic contract but had not yet reached a decision on the subsequent arrangements for publicity (which would have to be most carefully handled). Probably the Minister of Trade and Commerce would make a statement once the contract was signed and explanatory letters would be sent to the Canadian producers. Ministers would certainly want to mention the USA decision not to exercise the Canadian options and, perhaps, to publish the exchange of notes between the Embassy and the State Department. Mr. Gilchrist said that he would be consulting the Under-Secretary on this question but he also sought our opinion. We all agreed that it would be preferable to give publicity in general terms to the USA decision and not to publish the notes unless there were really substantial reasons for doing so.[274] We stressed that it was essential to consult the United States authorities in advance of any publicity (as they requested) and it was agreed that, subject to instructions from Ottawa, this should be done as soon as Cabinet had decided on publicity arrangements.[275]

S.F. R[AE]

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[274] Note marginale :/Marginal note:
I agree emphatically [A.D.P. Heeney]

[275] Note marginale :/Marginal note:
I want to keep in close touch with developments here [A.D.P. Heeney]
Les détails du nouveau contrat de base ont été rendus publics le 6 novembre 1959.
Details of the new Basic Contract were publicly released on November 6, 1959.
Voir/See the *Globe and Mail*, November 7, 1959, pp. 1-2.

SECTION D

DINDES ET POIS
TURKEYS AND PEAS

250. PCO

Conclusions du Cabinet

Cabinet Conclusions

SECRET [Ottawa], May 25, 1959

Present

The Minister of Public Works (Mr. Green) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

RESTRICTIONS ON IMPORTS OF TURKEYS AND FROZEN PEAS; U.S. COMPLAINTS
(PREVIOUS REFERENCE MAY 19)

1. *The Minister of Agriculture* said that the delegation at the G.A.T.T. meeting in Geneva had reported that the efforts they had been instructed to make to prevent the U.S. from inscribing on the conference's agenda complaints against Canadian restrictions on imports of frozen peas and turkeys had not been successful. The U.S. intended to place such an item on the agenda tomorrow unless they received an acceptable proposal from Canada before that time. Inscription would mean that the matter would be referred to a conciliation panel, which would then decide on the compensation to which the U.S. was entitled for the impairment of rights under the Treaty.

The delegation in Geneva felt that, if the U.S. were informed that Canada was prepared to agree to an annual import quota of four million pounds and to the removal of the special duty on frozen peas, then the U.S. might not make a formal complaint. Thus far the U.S. had only been offered a quota of two million pounds, although the delegation had been authorized to go to four. He and the Minister of Trade and Commerce agreed that a final effort be made to settle the problem on this basis adding, as well, that Canada would be willing to review from time to time the turkey quota. If the U.S. did not agree to this, then the offer should be withdrawn and the matter should be allowed to go to the conciliation panel where the package could be used as

a bargaining lever. It was unlikely in the face of this that the panel would make a heavy award in favour of the U.S.

2. *The Minister of Finance* agreed with this proposal. It was unfortunate that the U.S. had raised these matters in the G.A.T.T., without notice, after the matter had been discussed in the Canada-U.S. Committee of Ministers on Trade and Economic Affairs. Nevertheless, a formal charge would weaken Canada's position at a time when it wished to register different and more serious complaints against other countries. The matter was insignificant. Perhaps the U.S. felt by raising it that they might be able to improve their position with regard to lead and zinc. He was to be in Washington on Wednesday attending the funeral of Mr. Dulles and, if there were an opportunity, he would try to discuss the problem with Secretary Anderson and Mr. Dillon, and perhaps others.

3. *The Minister of National Revenue* said that the current price of frozen peas in the United States was above the fixed value, and it was therefore unlikely that removing the special duty would result in an immediate increase in imports. Stocks were down in the U.S., and the acreage sown to peas in Ontario was much less this year than the average of the past four or five years. However, Members of Parliament from rural areas in Ontario had told him that, if the special duty were taken off, processors would not negotiate a reasonable price with producers on this year's crop, and had therefore urged him to maintain it.

4. *During the discussion* the following points emerged:

(a) The U.S. was not damaged at all seriously by the restrictions on turkeys and peas, but the issue was a matter of principle with them. Perhaps they felt they could not distinguish between Canada and other countries against whom they wished to make complaints.

(b) It was embarrassing to be put "in court," as it were, after so much had been said about bilateral consultation.

(c) Some argued that the matter should be allowed to be put on the agenda and the full conciliation procedure followed. It was stressed, on the other hand, that, even though this could not be very harmful in practice, it would make it more difficult to deal with trading aberrations of other countries against whom Canada had legitimate complaints.

(d) If the proposal suggested were accepted and became known publicly before election day in Ontario,[276] it would be unfortunate and the provincial government would be upset. No publicity should be given to the offer, or, if it were accepted, no announcement made before June 15th.

(e) If nothing were done and the U.S. obtained compensation in such important fields as oil or fish, even though it was small, the domestic reaction would be severe.

5. *The Cabinet*,

(a) agreed that the Canadian delegation attending the meeting of the General Agreement on Tariffs and Trade in Geneva be authorized to inform the United States delegation,

(i) that fixed values on frozen peas would be dropped, effective June 15th;

(ii) that an import quota for turkeys of 4 million pounds per annum, at a quarterly rate of 1 million pounds, would be established; and

(iii) that the Canadian government was prepared to give further consideration to the problem of turkey imports and would be prepared to have the matter discussed with U.S. representatives at any time; and

(b) agreed that there be no announcement on these matters until after June 15th.

R.B. BRYCE
Secretary to the Cabinet

[276] L'élection provinciale en Ontario était fixée au 11 juin 1959.
The provincial election in Ontario was scheduled for June 11, 1959.

251. DEA/3300-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1293 Washington, May 29, 1959

CONFIDENTIAL. PRIORITY.
Reference: My Tel 1292 May 29.†
Repeat Trade and Commerce, Finance from Ottawa (Information).

CONVERSATION WITH THE SECRETARY OF THE TREASURY: TURKEYS AND PEAS

When we saw the Secretary on the morning of May 27, Mr. Fleming spoke bluntly of the resentment of Canadian ministers at the action proposed by the USA delegation at the GATT meeting in Geneva, to put this item on the conference agenda. With all the special bilateral machinery which existed between our two countries, Mr. Fleming went on, it was not repeat not easy for the government to understand why the USA would seek to "put us in the dock" at Geneva and lay charges in a multilateral forum. The Cabinet had authorized modification of the restrictions on turkey imports and an easing of the position on peas. Surely these were matters which could be worked out between us.

2. Mr. Anderson had not repeat not known of the instructions to the USA GATT Delegation. He expressed surprise and understanding of the Canadian attitude. He seemed to agree that such matters should be dealt with bilaterally between the USA and Canada and undertook to speak that day to the Under Secretary of State (Dillon). Later the same day we heard through State Department that the Delegation in Geneva had been sent further instructions. Mr. Fleming's subsequent interview with Mr. Dillon is reported in my immediately following message.†

[A.D.P.] HEENEY

252. DEA/3300-40

Le conseiller économique de l'ambassade des États-Unis
au chef de la 1ère direction économique

Economic Counsellor, Embassy of United States,
to Head, Economic (1) Division

CONFIDENTIAL Ottawa, July 23, 1959

Dear Mr. Grey:

I refer to our recent correspondence regarding the import quotas on turkeys. There was gratification in Washington at the information which you gave us last week to the effect that the import quota had been opened for the third quarter and representative importers had been informed. We understand that the quota is to be one million pounds for the quarter.

Our Department of Agriculture would prefer not to make a public announcement of this quota at this time, but would much prefer an announcement somewhat later in which the arrangements for the entire year could be set forth. It is believed that any announcement at this time concerning the third quarter quota would lead to continual questioning and pressure for

information concerning the quota for the fourth quarter since this is the normal peak marketing season.

Consequently, the Embassy has been instructed to ask whether it would be possible to agree on the following seasonal quota arrangement of the four million pound annual quota:

July - September	1,000,000 lbs.
October - December	2,400,000 lbs.
January - March	200,000 lbs.
April - June	400,000 lbs.

We would hope that agreement can be reached on this matter in the very near future so that an announcement could be made by August 1 concerning the distribution of the quota by quarters. The Embassy will greatly appreciate favorable consideration of this proposal by the Government of Canada. You will recall that our delegation put this forward as the United States' position at the time of the 14th Session of the Contracting Parties to the General Agreement on Tariffs and Trade. It was reiterated in representations made by the Embassy to the Government of Canada during June.

Sincerely yours,
WILLIS C. ARMSTRONG

253. DEA/3300-40

Le chef de la 1ère direction économique
au conseiller économique de l'ambassade des États-Unis

Head, Economic (1) Division,
to Economic Counsellor, Embassy of United States

CONFIDENTIAL Ottawa, August 7, 1959

Dear Mr. Armstrong,

I refer to your letter of July 23 regarding Canadian import quotas on turkeys. Very careful consideration has been given by the Canadian authorities concerned to the suggestion, renewed in your letter, that the seasonal distribution of the annual quota should provide for a much larger quota for the October-December period than for other periods of the year. We have also noted the point of view expressed in your letter that it would be more satisfactory if the quota arrangements for the entire year could be set forth at once, thus eliminating any uncertainty as to the quotas for future periods. We are prepared to agree to this latter point, but after this further examination of the matter it has been concluded that the quota should be evenly divided, that is, 1 million lbs. for each quarter of the year.

I would hope that in all the present circumstances this would be satisfactory to United States exporters.

Yours sincerely,
RODNEY GREY

SECTION E

SITUATION FINANCIÈRE DES MAGAZINES CANADIENS
FINANCIAL POSITION OF CANADIAN MAGAZINES

254. DEA/3300-F-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

[Ottawa], January 29, 1959

You asked for the Department's views on the attached editorial[277] from *Canadian Printer and Publisher*, in which a statement by the United States Postmaster General is strongly criticized. It appears that in announcing a revision of United States postal rates for printed material, Mr. Summerfield indicated that the change in postal rates was not inconsistent with the United States policy of encouraging the "continued growth in the world market for printed material which spread American ideals, culture and facts abroad." While most postal rates were raised, the rates on newspapers and other printed matter coming into Canada were reduced for the time being; they will be increased in 1960.

As you know, the Canadian periodical press has held the view for some time (since 1926 at least) that the unrestricted access to the Canadian market enjoyed by American publishers creates competition which Canadian publishers find hard to meet. Until the post-war period, this competition took the form of the overflow of American magazines in precisely the same form as they circulated in the United States. In the post-war period, a number of American publishers have produced special Canadian editions. These contain largely, although not entirely, the same editorial matter as their American parents but they are labelled as being Canadian and they contain advertising directed at the Canadian market. We understand that, with the exception of *Reader's Digest*, these special Canadian editions are all printed in the United States.

The special magazine tax introduced by Mr. Harris[278] was an attempt to relieve the magazine industry from competition from only this particular group of American periodicals. You will recall that the United States very vigorously protested against this Canadian tax; one of the main arguments put forward by the State Department was that this tax impeded the transmission to other countries of knowledge of the American way of life. The United States authorities do not appear to distinguish between the countries of Latin-America, where the circulation of American periodicals may well serve a very useful purpose, and Canada, to which some 60% of the exports of United States periodicals are directed. Since the magazine tax was repealed,[279] a number of new so-called Canadian editions have made their appearance (e.g., the Canadian editions of *Argosy* and *True*) and the overflow circulation of the regular editions of American

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[277] Voir *Canadian Publisher and Printer* (December 1958), p. 92. La citation attribuée au ministre des postes des États-Unis, Arthur Summerfield, est tirée du même numéro de ce journal, page 39.
See *Canadian Publisher and Printer* (December 1958), p. 92. The quotation in this document attributed to U.S. Postmaster General Arthur Summerfield is found in the same issue of this journal on page 39.

[278] Voir volume 23, les documents 157 à 173./See Volume 23, Documents 157-173.

[279] La taxe sur les magazines a été annulée en août 1958 au moyen d'une modification à la *Loi sur la taxe d'accise*.
The magazine tax had been repealed in August 1958 by an amendment to the Excise Tax Act.

periodicals in Canada has continued to increase. With the possible exception of *Macleans*, the financial position of the Canadian periodicals has not significantly improved.

If you agree, we will suggest to the other Departments concerned (Finance, Post Office) that there should be a review of this problem, with particular attention being directed to the question of whether it is desirable for Canada to continue to carry free the very substantial number of American periodicals for which postal revenues accrue only, of course, to the United States Government. As you know, the international postal arrangements provide that the country from which mail is despatched keeps the resulting postal revenue on the assumption that there is a roughly equal volume of mail moving in the opposite direction. We should very closely examine the question of whether it is reasonable to operate our postal arrangements on this basis much longer.

In the meantime, I would propose, if you agree, to ask our Embassy in Washington to advise the State Department informally that Mr. Summerfield's statement and any similar statements cannot but give offence to Canada. In the circumstances, I do not think a formal protest would be either useful or desirable, but we should nonetheless make our views quite clear.

SIDNEY SMITH

255. J.G.D. VI/252.1

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], April 1, 1959

REPRESENTATIONS BY THE PERIODICAL PRESS ASSOCIATION

You will recall that last January you asked for this Department's views on an announcement by the United States Postmaster General on the revision of United States postal rates for printed material which went into effect last January 1. Accordingly, a memorandum was prepared and sent to you on January 29. In it, the suggestion was made that there might be an interdepartmental review of the broader problem of competition from foreign magazines. This review took the form of consideration by a group of officials from various departments of new representations on this subject by the Periodical Press Association.

A detailed report has now been prepared. In view of your earlier interest in this subject, you may wish to see this report, a copy of which is attached.

R.M. M[ACDONNELL]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note

CONFIDENTIAL [Ottawa], March 4, 1959

REPRESENTATIONS FROM THE PERIODICAL PRESS ASSOCIATION

(This memorandum represents the agreed views of a group of officials from the Departments of Finance, External Affairs, Trade and Commerce and the Post Office, who met representatives of the Periodical Press Association on February 11, 1959.)

1. Last year the Minister of Finance stated in the budget speech that the government had a sympathetic interest in the problems confronting Canadian magazines and was prepared to consider any serious proposal to encourage a truly Canadian periodical press, provided that such a proposal infringed neither the freedom of the press nor the reading preference of the public.[280] In response to this invitation a series of proposals has been put forward by the Periodical Press Association (PPA) which represents almost the whole of the Canadian national periodical publishing industry. (The PPA represents four farm magazines, 122 trade papers and eleven national "consumer" magazines: *Saturday Night, Macleans, Liberty, Canadian Homes and Gardens, Western Homes and Living, Chatelaine, Health, La Revue Populaire, La Revue Moderne* and *Le Samedi*.) The immediate concern of the PPA is with the future of Canada's "consumer" magazines, but it is also concerned with the longer term outlook of the whole industry.

2. In the post-war period Canadian "consumer" magazines have experienced increased competition from foreign owned and edited periodicals, and in recent years these Canadian magazines have proven unprofitable. Since 1956 losses have been growing. The publishers claim that Canada's "consumer" magazines are now facing the worst year in their history, and that they cannot continue for many more years, as they have done in the past, to finance these losses with profits derived from their other operations, (i.e., from job-printing, trade papers, etc.). Officials who have been in touch with the situation for a number of years consider it possible, if indeed not probable, that within a few years even those Canadian magazines which now remain may go out of existence. The outlook for the three French language magazines is particularly bleak. (See attached letter from *Le Samedi*.)†

3. Officials have no way of judging whether Canadian magazines are more or less efficient, more or less aggressive, than their counterparts in the United States. Canadian magazines, like magazines in other countries, must, of course, compete with other media of public expression and other advertising media, particularly the newspapers (daily and weekly), the radio and television. But it is the opinion of officials that the competitive pressure on magazines in Canada is probably greater than in any other country. This is partly because of the degree of government subsidization of radio and television in Canada, also because of the high costs of maintaining circulation to a population that is widely scattered and divided into two main language groups, and above all because no other country in the world has a neighbour so large, so aggressive, and with such similar consumption habits (advertising) and reading habits (circulation).

4. It is estimated that Canadians pay about $40 million annually for copies of foreign owned and edited magazines. Today over three copies of these foreign magazines are sold in Canada for each copy of a Canadian magazine, whereas in 1948 this ratio was two to one. This

[280] Voir Canada, Chambre des Communes, *Débats*, 1958, volume II, p. 1308.
See Canada, House of Commons, *Debates*, 1958, Volume II, p. 1246.

competition takes two forms: (i) special "Canadian" editions and (ii) "overflow" circulation of magazines printed and published abroad. The special "Canadian" editions compete directly with Canadian magazines, both for circulation and for advertiser's dollar and the "Canadian" editions of *Time* and *Reader's Digest* now attract 42 per cent of the advertising which Canadian advertisers place in "consumer" magazines in Canada compared to 18 per cent ten years ago. The "overflow" circulation of U.S. magazines competes directly with Canadian magazines for circulation. It also acts to reduce the advertising revenues of Canadian magazines. In 1957 the value of the advertising appearing in the ten leading U.S. magazines, pro-rated to their Canadian "overflow" circulation, exceeded $15,000,000, and perhaps half of the products so advertised are also sold in Canada. In comparison, advertising placed in the ten leading Canadian edited magazines was valued at only $12,000,000.

5. The three French language magazines appear to be under the heaviest pressure and may well be in the most immediate danger of collapse. The French language edition of *Reader's Digest* now attracts 54 per cent of the advertising which is placed in French language magazines, compared to 16 per cent ten years ago. It is rumoured that a representative of a Canadian printer has gone to Paris to negotiate with *Paris Match* with a view to printing a "Canadian" edition of that magazine in Montreal. The inflow of magazines from Continental Europe appears to be increasing rapidly. It is claimed that some of these magazines enter Canada bearing old dates of issue which suggests that they are surplus magazines which the European newsdealer has returned to the publisher.

6. English language publishers are particularly concerned about the immediate outlook because U.S. publishers appear to be planning further major inroads. Competition for circulation is increasing. We have been told by the publishers that *Macleans* has been forced to desist from costly attempts to maintain circulation at the present level, and the publishers expect circulation to fall by 13 per cent this year. *Canadian Home Journal*, which had a circulation of over 500,000, ceased publication in June 1958. We understand that five new special "Canadian" editions, with a combined circulation of 640,000, have been established in recent months (*Argosy, True, Mademoiselle, Woman's Day, Everywoman's Family Circle*) and it is rumoured that *Newsweek* is considering the same step.

7. Publishers are also concerned with a new threat: the spread of "regional" editions of U.S. magazines. These editions contain, in addition to national advertising, advertising directed at the particular region of the U.S. in which the edition is circulated. If a growing proportion of the "overflow" circulation of U.S. magazines began to contain advertising purchased by Canadian companies or directed exclusively at the Canadian market, the effect on the advertising revenues of Canadian magazines would be very serious. We are informed that *Saturday Evening Post* has announced that it will actually stop the presses before the Canadian run is printed so that U.S. advertisers can change their advertisements to show Canadian prices, distributors, models, etc., instead of the American. We understand that this advertising will be paid for out of the advertising appropriation of the Canadian branch plant concerned. It is feared that other magazines (e.g., *Life*) will adopt the same practice and, in addition, accept advertising for inclusion only in those copies circulated in Canada. Competition from "regional" editions resembles competition from special editions, with the exception that the "regional" editions do not purport to be "Canadian."

8. Canadian publishers contend that the increasing circulation of U.S. magazines in Canada has broad economic as well as cultural implications. Canadian branch plants of U.S. firms enjoy the advantages of advertising contained in the "overflow" copies of U.S. magazines. This places indigenous Canadian companies at a disadvantage and makes it very difficult to establish a product in competition with a U.S. brand name. Moreover, the advertising contained in the "overflow" copies of U.S. magazines tends to encourage the importation of goods which

might otherwise be imported from other sources or purchased in Canada. (The question might be asked why the C.M.A. is not at present supporting Canadian magazine publishers as it did in the 1920's. An official of the C.M.A. has given it as his view that the C.M.A. could not now do so because something like half the membership consists of U.S. branch plants.)

9. The Canadian publishers say that both Canadian and U.S. postal rates and regulations work to the disadvantage of Canadian magazines. For example, Canadian postal regulations permit U.S. magazines to be posted in Canada and thus to take advantage of the lower and substantially subsidized Canadian rates. With regard to U.S. postal rates, the PPA refers to a recent statement by the U.S. Postmaster General:

> "In view of growing world acceptance of American published materials, and the desire of Americans to encourage their influence abroad, the post office department is trimming $2 million annually from the international postage rate increases which it has scheduled for these publications starting January 1, 1959. By this new move we will be keeping increases moderate enough to encourage continued growth of the world market for printed materials which spread American ideals, culture and facts abroad."

More than half of the exports of U.S. magazines come to Canada.

10. The proposals submitted by the PPA range from relatively minor adjustments to changes of a sweeping nature. The PPA recognizes that some of the proposals which it has submitted may be impractical, but it refrained from screening its proposals so as to ensure a comprehensive coverage of possible means of assisting Canadian magazines. These proposals have been grouped together in the attached appendix, together with a description of their basic purpose and some brief comments.

11. The appendix gives only the briefest possible sketch of each of the fifteen proposals, its purposes and its possible results. This sketch is designed to help Ministers decide what they do *not* wish to do. Most of the proposals are, in all likelihood, not even "starters." If these can be eliminated, officials can then come forward with a more detailed appraisal of any proposals to which Ministers would like to give further consideration. It would be unwise and unsafe (to use the language of last year's budget speech) to "underestimate the difficulties of government action in this field."

[APPENDICE/APPENDIX]

POSSIBLE MEANS SUGGESTED BY PPA
FOR ASSISTANCE OF CANADIAN MAGAZINES

Proposal	Basic Purpose to improve position of Canadian edited magazines vis-à-vis:	Comments
A. Proposals relating to Post Office		
(1) Revoke special regulations which permit foreign publishers to mail magazines in Canada	all magazines printed in U.S., including special and regional editions	U.S. publishers now mail magazines in Canada to speed delivery and/or because Canadian postal rates are lower. This adds to Canadian postal revenues.

(2) Amend Post Office regulations to prohibit mailing in Canada of publishers' circulars imported from abroad	all magazines printed in U.S., including special and regional editions	U.S. publishers find it cheaper and more persuasive to mail in Canada circulars soliciting subscriptions. At present there are no such exclusions from 3rd class mailing privileges.
(3) Reduce 2nd class postal rates on Canadian edited magazines	all foreign edited magazines	Would cut publishing costs and reduce losses significantly by adding to postal "subsidy." Discrimination in postal rates would be involved.
(4) Reduce 3rd class postal rates on circulars soliciting subscriptions to Canadian edited magazines	all foreign edited magazines	Would help Canadian edited magazines counterbalance the large number of circulars mailed by U.S. publishers. Discrimination in postal rates would be involved.
(5) Seek payments from U.S. publishers towards costs to Canadian Post Office of handling U.S. second and third class mail	all magazines printed in U.S.	Since Canada carries far more 2nd and 3rd class mail for U.S. than vice-versa, such payments would lessen present imbalance of costs and revenues. However, U.S. publishers might be expected to increase prices per copy to Canadians. And such "terminal charges" by Canadian Post Office would contravene provisions of Universal Postal Union.
(6) Increase 2nd class rates on foreign edited magazines to cover full costs of Post Office handling	special editions printed in Canada [(1)] [(1)] *i.e. Reader's Digest, Mademoiselle*	Canadian 2nd class rates only partially cover costs of handling and this "subsidy" now benefits special editions printed in Canada as well as Canadian edited magazines. Discrimination in postal rates would be involved.
(7) Increase postal rates on circulars soliciting subscriptions to foreign edited magazines	special editions printed in Canada	Discrimination in postal rates would be involved. Administratively this proposal is not practical.
B. Proposals involving tariffs (1) Re-impose tariff which was in effect before 1939 on advertising circulars carried by letter	all foreign edited magazines except those printed in Canada	The tariff item is "bound" to the U.S. under GATT and is highly valued by that country.

(2) Impose tariff on advertising content of all imported magazines	all magazines printed abroad including special and regional editions	Free entry for magazines is "bound" to the U.S. and is exceedingly highly valued by that country. (There is, of course, a separate tariff item imposing duties on advertising printed matter.) Increase in prices per copy would presumably result.
(3) Impose special tax or prohibition on the importation in bulk of magazines which are undated or which bear old dates of issue	magazines from continental Europe	The import of second hand periodicals is now prohibited. To alter this tariff item to include back issues and undated periodicals would involve the renegotiation of the tariff item relating to French language magazines, which is "bound" to France.
C. Proposals involving taxation		
(1) Impose tax on total revenues of special editions	all special editions	Similar to former "magazine tax" except tax base is total revenues instead of advertising revenues.
(2) Impose tax at wholesale level	all foreign edited magazines	Would presumably be a per copy tax and would affect newsstand sales only.
(3) Deny to foreign edited magazines existing sales tax exemptions and duty free entry for paper and other supplies	special editions printed in Canada	Would involve renegotiation with U.S. of valued tariff item, and possibly other GATT difficulties.
D. Miscellaneous proposals		
(1) Decision by government to cease advertising in special editions	all special editions	Advertising placed by government departments in magazines is valued at about $200,000 per year. One-third of this is in special editions, of which half is by the Department of National Defence in *Reader's Digest*. Would substantially add to the cost of "Canadian" and regional editions and emphasize that these magazines are not Canadian.

(2) A requirement that "Printed in U.S.A." appear on the advertising pages.	special and regional editions printed in U.S.A.	Would substantially add to the cost of "Canadian" and regional editions and emphasize that these magazines are not Canadian.

256. J.G.D. VI/252.1

Note du secrétaire du Cabinet pour le premier ministre

Memorandum from Secretary to Cabinet to Prime Minister

CONFIDENTIAL [Ottawa], June 16, 1959

PLIGHT OF CANADIAN MAGAZINES

The Department of Finance has given me the attached material[281] about the Canadian magazines, which was prepared at Mr. Fleming's request. I understand that Mr. Fleming does not feel now that anything can be done about these magazines.

I thought, however, that you should know about their relatively hopeless situation and the various things that had been suggested to try to stem their decline in the face of American competition and television. I doubt if there is any use of officials pursuing this matter farther unless the Government wishes seriously to find a solution to the situation. I doubt whether any solution is possible, other than some tax along the lines of that repealed last year.

R.B. B[RYCE]

257. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 22, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works and Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice and Attorney General (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),

[281] Note marginale :/Marginal note:
filed P.C. O. [auteur inconnu/author unknown]
La pièce jointe n'a pas été retrouvée./The attachment was not located.

The Minister without Portfolio (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
The Registrar of the Cabinet (Mr. Halliday).

. . .

ADVERTISING BY GOVERNMENT DEPARTMENTS IN SPECIAL "CANADIAN" EDITIONS OF MAGAZINES PUBLISHED ABROAD

17. *The Minister of Finance* said that the Periodical Press Association had indicated that Canadian owned and edited magazines were under serious pressure from foreign competition, including that of special "Canadian" editions of U.S. magazines particularly *Time* and *Reader's Digest*. The Association claimed that Canadian magazines were seriously threatened, and officials who had studied the matter agreed that the position of these magazines was serious, indeed precarious.

One of the proposals of the Association was that federal government departments cease to place advertising in the special "Canadian" editions. Departments making substantial use of magazine advertising, i.e., National Defence, Labour, Post Office and Finance, placed a total of $132,195 worth of business with Canadian edited magazines in 1958 and $68,000 with special "Canadian" editions (*Time* and *Reader's Digest*). He recognized that advertising was placed in a way to achieve desired results and any money diverted from special additions might not be spent in Canadian edited magazines. Nevertheless, in view of the representations received, it would probably be desirable to cease placing advertising in these special editions. In addition to regular departments, the C.N.R. and T.C.A. spent $8,700 in special editions in 1958 and Crown corporations might be informed of the government's decision and asked to consider their own positions.

As explanatory memorandum had been circulated. (Minister's memorandum, May 14, 1959 — Cab. Doc. 145/59)†

18. *During the discussion* the following points emerged:

(a) It was a mistake to have repealed the special 20 per cent tax on special editions imposed by the previous government but it was impossible to re-impose it now. The Minister's proposal might help, but only a little, if at all. In the circumstances, it should be adopted.

(b) National Defence felt it obtained better recruiting results for potential young officers through its advertising in *Time* and *Reader's Digest* than through advertising in other magazines, and would be reluctant to see a change made. If Canadian edited magazines were to be subsidized, this was not the way to do it.

(c) The proposal would not help Canadian magazines and would irritate those affected. It should not be accepted. Instead more positive and effective assistance should be provided.

(d) The only ways to help were to put the 20 per cent tax back on, or put on a tariff on magazines or subsidize, probably through the Post Office; all these steps were either impossible or would be open to serious criticism.

(e) The Post Office was on the point of submitting a plan which would increase rates on special editions. The trick was not to raise rates so high that the magazines would be returned for printing and publication in the U.S. and shipped in at lower rates. There was also a case for distinguishing between *Time* and *Reader's Digest*. All the money *Time* made in Canada went

back to the U.S. *Reader's Digest*, on the other hand, had a substantial plant in Canada and much of what it earned was retained here.

(f) Full discussions were to be held with the Periodical Press Association in the fall on the whole situation. It would be advisable, therefore, to take no action until then, when the situation would be explored at length.

19. *The Cabinet* decided it would not, at this time, cease to place government advertising in special "Canadian" editions of magazines published abroad, because such action would not meet the problem of foreign competition for Canadian magazines and would only create additional trouble.

. . .

SECTION F

SUBVENTION DES TEXTILES DE COTON AUX ÉTATS-UNIS
UNITED STATES COTTON TEXTILE SUBSIDIES

258. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 28, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith) (for morning meeting only),
The Minister of Northern Affairs and National Resources (Mr. Hamilton),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche) (for morning meeting only),
The Minister of Public Works (Mr. Walker),
The Associate Minister of National Defence (Mr. Sévigny).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier, Mr. Martin).

. . .

POLICY CONCERNING U.S. SUBSIDIES ON COTTON TEXTILES
(PREVIOUS REFERENCE AUG. 14)

15. *Mr. Nowlan as Acting Minister of Finance* said that the Interdepartmental Committee on External Trade Policy had now considered the possible use of anti-subsidy duties in connection with imports of subsidized cotton textiles from the United States.

The U.S. cotton export subsidy programme began in 1956. Direct subsidies were applied to exports of raw cotton, and "equalization payments" paid on exports of cotton products to compensate manufacturers for the fact that, unlike their foreign competitors, they did not benefit from the subsidy on exported raw cotton. Subsidy payments on raw cotton were increased in 1959-60 from 6.5 cents per pound to 8 cents per pound and equalization payments had been adjusted to reflect this increase.

The anti-dumping provisions of the Customs Tariff had been applied since the beginning of the U.S. subsidy programme. However, it was believed that some evasion took place which made the actual price to Canadian importers below the fair market value. Representations had been made that further action was required if certain plants in Canada were not to be closed. The U.S. would no doubt argue that the subsidies on raw cotton upset the competitive advantages for U.S. exporters of cotton products in foreign markets, and that countervailing duties would represent a net increase in protection against normal competition. Canadian mills argued that, even though they benefited from the raw cotton subsidy, damage had been caused by the subsidy on exports of manufactured products, partly because of the difficulties of preventing evasions of anti-dumping duty and partly because the existence of the products subsidy encouraged U.S. producers to make a special drive for export markets.

The Committee concluded that some action was warranted. If, however, anti-subsidy duties were applied, there would be a strong demand in the U.S. for some counter-action, and it would be difficult for the U.S. administration to resist this demand, particularly because Canadian producers benefited from the subsidy by their access to subsidized raw cotton. It was possible that Canadian mills might be denied such access. Another important consideration was that the forthcoming negotiations with the U.S. on textile tariffs might be made more difficult.

An alternative would be to request the U.S. to exclude Canada from the export subsidy on cotton products. This would produce the same benefit as the application of anti-dumping duties without the danger of retaliation. It would be in line with the recent approach of U.S. officials regarding the application of U.S. countervailing duties to Canadian hogs should a deficiency payment plan be adopted in Canada. Furthermore, relations with the U.S. were such that Canada had an obligation to consult before taking action.

The Committee submitted a draft communication to the U.S. to initiate consultations on this matter.

An explanatory memorandum had been circulated; (Memorandum, Chairman, Interdepartmental Committee on External Trade Policy, Sept. 25, 1959 — Cab. Doc. 291/59).†

16. *Mr. Nowlan* added that this problem had come to a head because of indications that the Marysville plant in New Brunswick might have to be closed. He doubted if much would come from the proposed approach but at least it should be tried.

17. *During the discussion* it was pointed out that any action taken by Canada would probably cause a storm in the U.S. and disturb relations between the two countries.

18. *The Cabinet* agreed that the United States be informed,

that the Canadian government was convinced that material injury was being done to the cotton textile industry by imports of subsidized U.S. cotton textile products;

that Canada wished to initiate consultations with the U.S. with a view to finding an equitable solution to the problem; and

that the best solution would be for the U.S. government to remove the subsidy on cotton textile products exported to Canada.

. . .

259. DEA/3300-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2379 Washington, October 2, 1959

CONFIDENTIAL. PRIORITY.
Repeat TT, T and C Ottawa (Information).

USA SUBSIDIES ON COTTON TEXTILES

As requested, I called on Tom Mann, Assistant Secretary of State (Economic Affairs), at the State Department today, accompanied by Burns, to present the aide mémoire contained in your teletype SVC 955.† Also present with Mann were Miss Fogarty, Commodities Division, Heikenen, Commercial Policy Division, and Hayes, Canadian Economic Desk Officer.

2. I supplemented the aide mémoire by saying that the problems of the Canadian cotton textile industry had been giving us considerable concern, and that there was danger of some mills being closed. I mentioned our reluctance to employ Section 6A of the tariff, but pointed out that the use of the ordinary anti-dumping provisions did not repeat not appear to provide the necessary remedy for our difficulties. I outlined the ways in which the equalization payments seemed to provide incentives to American mills to sell in the Canadian market.

3. Mann, in reply, said that they would be glad to consult with US on this problem. He asked if we had any ideas as to time and place. When we told him that we had not repeat not heard from you on this, he suggested that, as far as the State Department was concerned, the occasion of the pre-GATT discussions on October 16 would be satisfactory. I promised to let him have your comments on this point.

4. Mann went on to say that, in a preliminary way, he found it difficult to see how an exemption for Canada for equalization payments could remove our difficulties. He said that the equalization payment was solely designed to put American mills in a competitive position with foreign mills. He did, however, promise to look at the incentive point which I made.

5. From his remarks, I had the impression that the USA will be very reluctant to make any move towards removing equalization payments on shipments to Canada. Mann was, for example, quite emphatic in referring to current representations being made by the USA domestic industry seeking more protection. Finally, he made it quite clear that the application of Section 6A provisions by Canada would be of serious concern to the USA.

[A.D.P.] HEENEY

260. DEA/3300-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2663 Washington, October 22, 1959

CONFIDENTIAL. PRIORITY.
Reference: Our Tel 2379 Oct 2.
Repeat TT, T and C Ottawa (Priority); Finance, Ottawa (Priority) (Information).

USA SUBSIDIES ON COTTON TEXTILES

The following is the text of an aide mémoire dated October 20, which we have received from the State Department in reply to our aide mémoire of October 2:

"The Department of State refers to the aide mémoire of the Embassy of Canada dated October 2 which stated that the Canadian Government wished to initiate consultations with the USA Government with regard to the effect in Canada of the USA equalization payment on exports of cotton textile products from the USA. In accordance with this suggestion, preliminary consultations were held in Washington on October 15 and 16. However, meetings on other subjects were also scheduled on those days and it was not repeat not possible in the time available to explore this question fully. It is the understanding of the USA Government that both groups were agreed during the recent discussions that the consultations should be resumed at an early date. The USA Government will be pleased to consult further with the Canadian Government in this regard and awaits the suggestion of the Canadian Government with regard to an appropriate time and place for these further consultations."

2. On receipt of this aide mémoire, we asked Clarence Nichols, Deputy Director, Office of International Affairs, State Department, whether their thinking had progressed any further on the matter of exempting Canada from payments on textile products. We pointed out this problem was a matter of some urgency, and that it would be helpful to Ottawa to have further views on their attitude.

3. Nichols said they had gone over the arguments advanced by the Canadian side but they still failed to see the validity of our approach. He thought there were some "non sequiturs" in our logic, and that our original proposal that the USA might discontinue payments for textile exports to Canada did not repeat not seem to be based on a correct diagnosis of the problem. He again suggested that the issue seemed to be one of protection for the Canadian producers rather than of defence against subsidies, and that in these circumstances any measures taken should be non-discriminatory. Nichols said this problem obviously raised complex technical and legal questions on which there seemed to a genuine gap of understanding between the Canadian and USA sides, and that it was desirable to hold further talks to elucidate the situation. He said, for example, that there was clearly a discrepancy between Canadian and USA statistics regarding the share of the Canadian market taken by USA exports. He also said that at times the Canadian and USA sides seemed to be using the same terms to mean quite different things.

4. We commented along the lines developed by the Canadian side at the recent meetings. Nichols gives the impression of being genuinely puzzled and distraught to find anyone questioning or criticizing what seems to him so mathematically beyond reproach.

5. Nichols referred to the suggestion he had made at the meetings to replace the equalization payments by a system which would make available directly to USA manufacturers the subsidized raw cotton at world market prices for export. He asked whether this modification in their system would ease the problem as far as we were concerned. He also asked whether, if so, we would have any preference as between having this procedure applied to all USA textile exports, or having it limited to exports to Canada. He indicated that if we thought this was a fruitful approach they would be prepared to examine its technical feasibility. The effect of this change, he said, would be to cut out the intermediaries in the trade and thus to reduce the possibilities for evasion of the law and sharp practices.

6. We shall appreciate receiving any comments you may wish us to make, and any suggestions about the time and place for further consultations.

261. DEA/3300-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2891 Washington, November 18, 1959

CONFIDENTIAL. PRIORITY.
Repeat Finance Ottawa (Priority); TT, T and C Ottawa (Priority) (Information).

USA TEXTILE SUBSIDIES

In conversation with Mann, Assistant Secretary Economic Affairs, State Department, the latter raised with us the question of cotton textile subsidies and enquired as to our position on this. We went briefly over the ground covered in the recent consultations[282] and explained that the matter would now be referred to ministers. Mann said he understood the problems created for Canada by the cash payments on textiles and that he deplored the illegal activities to which these had given rise. We said we had come to the conclusion that the USA was not repeat not likely to agree to discontinuing the payments as we had proposed. Mann agreed this was probably the case but added that "the book was not repeat not closed as far as they were concerned" and they would be having a close look at the problem. He expressed the hope, however, that these difficulties might be resolved without the need for governmental action as a result of the proposed private industry talks. He also indicated that if we thought this would be useful the USA authorities might be prepared to speak to the USA industry to get them to discontinue objectionable practices. Mann stressed his main concern was that Canadian countervailing action would be used by the textile industry including the unions to increase pressures on the administration for protective trade policies generally.

2. In connection with the general problem of protection Mann referred to the GATT proposals for multilateral solution with respect to low cost imports. The USA attached importance to this both because it would counteract demands for increased protection in USA and because they were becoming alarmed at the spread of bilateral arrangements to deal with the problem.

[282] Une deuzième rencontre des représentants officiels a eu lieu à Washington le 10 novembre 1959.
A second meeting of officials had been held in Washington on November 10, 1959.

SECTION G

ALIMENTATION POUR LA PAIX
FOOD FOR PEACE

262. PCO

Note du Comité interministériel sur la politique du commerce extérieur pour le Cabinet

Memorandum from Interdepartmental Committee on External Trade Policy to Cabinet

CONFIDENTIAL [Ottawa], April 20, 1959

FOOD FOR PEACE

1. The Government of the United States through the United States Secretary of Agriculture has invited the Government of Canada to participate in meetings in Washington to consider the "Food for Peace" proposal recently made by President Eisenhower.[283] The United States wishes to limit the initial discussions to wheat and, with this in mind, has invited only major wheat exporting countries, Argentina, Australia, France and Canada. The Director General of the Food and Agriculture Organization has also been invited to attend.

2. The first stage of the meetings would run from April 27th to 29th and would be at the official level. The purpose of the meeting of officials would be to prepare material and, if agreement is reached, to bring forward proposals which could be considered at the Ministerial meeting which is to begin with a dinner on the evening of May 4th and continue on May 5th. Argentina and Australia will be represented by senior officials and not by Ministers at the meeting on May 5th. Mr. McEwen who had intended to be present, will have to be in Australia at that time, to serve as Acting Prime Minister in the absence of Mr. Menzies.

3. The agenda proposed by the United States is as follows:

I. Opening Remarks (U.S.A. Chairman).

II. Consideration of Agenda.

III. Preliminary Comments by Country Representatives:
1. Argentina
2. Australia
3. Canada
4. France
5. F.A.O.

IV. Present Wheat Policies and Programmes:

1. Policies affecting supply and exportation of wheat with special reference to: (a) Normal Marketing; (b) Alleviation of food shortages; and (c) Economic Advancement in Under-Developed Countries.

2. Suggestions for improvements.

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283 Le président Eisenhower a proposé son programme « l'alimentation pour la paix » dans une lettre destinée au Congrès le 29 janvier 1959. Voir le texte de la lettre dans le *New York Times* du 30 janvier 1959, p. 12.
President Eisenhower had proposed his "Food for Peace" plan in a letter to Congress on January 29, 1959. For the text of this letter see *New York Times*, January 30, 1959, p. 12.

V. Agricultural Abundance and Food Needs:

1. Estimate by country representatives of available wheat surpluses over next several years;

2. Indicated requirements by major areas and practical problems of bringing available supplies to meet known shortages.

VI. New proposals for using available agricultural surpluses to alleviate food shortages and assist in the economic development of under-developed countries, either bilaterally or multilaterally.

VII. Conclusions and recommendations for future action with respect to wheat and other commodities.

VIII. Communiqué.

IX. Closing.

Assessment of the United States Position

4. While the United States Secretary of Agriculture has expressed the hope that the meeting would also discuss problems affecting the production of and the trade in wheat and while the President's proposal is couched in terms which give it great humanitarian appeal, there seems little doubt that the main interest of the United States is surplus disposal. The reasons for the U.S. emphasis on surplus disposal can be readily understood by looking at the present and projected wheat carryover. During the period 1949/50 to 1953/54, the United States held approximately one-half of the average wheat carryover of 1 billion bushels held by the six principal wheat exporting countries; at the end of the current crop year the United States will hold more than two-thirds of the greatly expanded carryover of 2 billion bushels. The increase in the U.S. stockpile has taken place despite very large surplus disposal programmes which have been a continuing threat to Canada's commercial marketings. With this expansion in the U.S. carryover, it is evident that the United States Government is under increasing pressure to expand its surplus disposal programme. It would appear that this expansion in the United States carryover has prompted a reappraisal of United States surplus disposal programmes, with a view to increasing the outflow of surplus wheat and using it as a more effective instrument of foreign policy to counter the Soviet economic offensive. The United States would like to do this without inviting further criticism and complaints from competing exporting countries.

Canadian Position

5. While Canadian stocks of wheat are large, the position in this country is obviously much different than that in the United States. For the most part, the wheat is produced without subsidy and sold in the commercial markets of the world. While stocks are large, they are manageable. This situation would, of course, be affected by an abnormally large or small crop.

6. Canada, as attested by its participation in a number of aid programmes, supports the general humanitarian objectives of the President's "Food for Peace" proposals. We have provided wheat and flour under gifts and loans to Colombo Plan countries and international agencies in an aggregate amount of $111 million since 1945. The use of surplus foodstuffs is likely to be a continuing feature of Canada's aid programmes.

7. At the same time, as a major producer and exporter of wheat, Canada's primary interest is to protect its commercial markets. The root of today's wheat surplus problem and of the harmful surplus disposal activities that result therefrom lies in subsidized over-production. President Eisenhower's proposals should be approached with these basic considerations in mind, for there is a real danger that the proposal might be developed in such a way as to make it even more difficult for Canada to protect its legitimate trading interests. It is essential, therefore, that any scheme envisaged under the "Food for Peace" proposals should not in any

way give encouragement or general international sanction to the maintenance of subsidized overproduction or at the expense of the commercial exports of traditional suppliers; nor should it restrict Canada's right to criticize or to seek redress against the adverse effects of any such policies.

8. Canadian participation in a multilateral "Food for Peace" programme should, therefore, depend on the extent to which commercial markets are protected from continual erosion by give-away programmes under any guise.

9. Bearing in mind this basic consideration, the "Food for Peace" proposals made by President Eisenhower could be used to forward the Prime Minister's proposal to establish a world Food Bank.[284] In a recent statement to the House, the Prime Minister expressed the hope that at the meetings in Washington consideration would be given to a proposition which he placed before NATO in December 1957.[285] At that time, he suggested the establishment of a food bank to store surpluses against the probability of crop shortages or failures in the future. The bank would constitute of storehouse for the assistance of those countries which find themselves and their populations short of necessary food.

10. The proposals for a World Food Bank are quite distinct from the other proposal put forward by the Prime Minister for the creation of strategic food reserves in NATO countries. Canada has already offered to provide flour for these strategic reserves and discussions are taking place with a number of countries which have indicated their interest in the Canadian offer.[286]

Proposed Approach

11. In order to forward the objectives of the Prime Minister's proposals for a World Food Bank while at the same time protecting our commercial interest, the Canadian Delegation might propose the establishment of an Intergovernmental Coordinating Committee of donor countries which would meet at regular intervals to determine the eligibility of countries to receive surplus agricultural products under the programme and to co-ordinate the distribution of surplus food.

12. As to eligibility, the Committee would divide countries into three groups to be reviewed periodically, as follows,

(a) Countries in the first group would be those which, by common agreement among the exporters of wheat, would not be given any wheat on concessional terms and which, therefore, would have to meet all their requirements through normal commercial channels. Included in this group would be Western Europe and Japan.

(b) The second group would include countries whose requirements could be met partly through the commercial market and partly through surplus disposal. The minimum amount to be purchased commercially would be established for each country in this group. All their other needs could, if necessary, be met through surplus disposal. However, exporters would agree not to provide surplus wheat to a country unless it had made or intended to make its commercial purchases. Most of the less-developed countries would fall into this group.

(c) The third group would consist of those countries all of whose needs could be met through surplus disposal. There would be few, if any, countries falling into this group.

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[284] Voir/See Volume 24, Document 254.
[285] Voir Canada, Chambre des Communes, *Débats*, 1959, volume III, p. 2779.
See Canada, House of Commons, *Debates*, 1959, Volume III, p. 2655.
[286] Voir/See Volume 24, Document 301.

13. To co-ordinate the "Food for Peace" programme, the Committee, having defined the commercial market in this way, would consider and determine the nature and extent of possible additional non-commercial needs. After prospective recipient countries had indicated the amount of foodstuffs they would like to receive over and above their normal commercial requirements and after the Committee had agreed that such additional amounts could move under a "Food for Peace" programme, each prospective donor country could indicate the amount of this additional need which it was prepared to provide on concessional terms. It would not be necessary for donor countries to provide each year the full amount of foodstuffs which recipient countries indicated they would like to receive under such a programme.

14. In summary, the functions of the Co-ordinating Committee would be to:

(a) group countries into the three categories suggested in the preceding section;

(b) determine the minimum commercial imports of countries falling into the second group on the basis of agreed criteria;

(c) consider requests from countries in the second and third categories;

(d) co-ordinate the distribution of surplus food made available to meet these requests, on the understanding that the identity of the assistance provided by each country would be maintained and that each national programme would be administered and controlled in accordance with the pertinent national legislation.

Complementary Measures

15. Surplus disposal alone will neither solve the problem of surplus accumulation nor enhance the purchasing power of recipient countries to meet their increased consumption needs on a commercial basis. It is important, therefore, that appropriate complementary measures are taken in exporting countries to curtail uneconomic production which results in surplus accumulation. At the same time, as far as the recipient countries are concerned, it is essential to ensure the effective use of counterpart funds for capital development and technical assistance in order to raise the level of agricultural and industrial productivity so as to prevent any increase in demand in recipient countries from becoming a self-perpetuating obligation on donor countries.

16. If some such arrangements as those described above, for the safeguarding of normal commercial markets, were agreed upon, their effect might appear to be to limit or even to reduce the scope for surplus disposal under existing programmes and methods. It may be necessary to try to reconcile increased protection of our normal commercial markets with an increase in surplus disposal under a "Food for Peace" programme, that is, to find ways to achieve an effective increase of consumption in the food deficit areas. Unless this is given due weight in the discussions in Washington there will be some risk that the United States will not be prepared to accept the essential components of a scheme to safeguard commercial markets and might be tempted to place the blame for the eventual failure of the U.S. proposals on Canada and other commercial exporters.

17. New ways to increase food consumption have been discussed in the FAO for some years. Variations on some of these might provide workable formulas which would have considerable public appeal. For example, exporting countries might offer to finance the food costs of constructing "x" miles of irrigation canals, or "x" miles of roads to connect towns with outlying rural districts, or "x" storage elevators. In under-developed countries the provision of food for workers on particular projects can be expected to represent a significant proportion of the operating costs.

18. Industrially advanced countries that are not exporters of food might therefore participate in projects in the form of technical and capital assistance e.g. by defraying costs of transportation or providing some of the equipment or machinery required. Another possibility to expand consumption would be to develop school feeding programmes in food deficit areas. It is

by undertaking new projects of this type that an increase in surplus disposal could actually serve the purposes set out by the President and the Prime Minister without interfering with normal commercial markets.

Recommendations

19. It is recommended that:

1. Canada should be represented at the meetings to be held in Washington on April 27th to 29th and on May 4th and 5th;

2. Canadian representatives at the meetings should make clear that Canada shares the humanitarian objectives of the U.S. proposals and to that end should indicate a willingness to explore new ways to use surpluses which would increase consumption in food deficit areas and facilitate economic development, in keeping with the Prime Minister's concept of a Food Bank;

3. Canadian representatives should press strongly for the effective protection of normal commercial markets against surplus disposal activities along the lines suggested in this memorandum or along lines which would provide equally effective protection; and

4. Canadian representatives should seek the acceptance of the principle that other industrially advanced countries that are not exporters of food should be invited to contribute as appropriate.[287]

263. DEA/24-1-40

Note du sous-ministre adjoint du Commerce pour le ministre du Commerce

Memorandum from Assistant Deputy Minister of Trade and Commerce to Minister of Trade and Commerce

CONFIDENTIAL [Ottawa], May 1, 1959

NOTES FOR YOUR USE AT THE MINISTERIAL MEETING ON "FOOD FOR PEACE", WASHINGTON, D.C., MAY 5TH AND 6TH, 1959

1. The Report of the meeting of officials on Food for Peace is in two parts. The first part sets out the purpose of the Food for Peace Conference, as outlined by the U.S. Delegation, the individual position of countries represented at the Conference and an assessment of available supplies in relation to prospective outlets. The second part of the report, which is textually reproduced in the attached cable,† deals with the surplus problem, the necessary safeguards for commercial markets and suggestions for the future. An appendix outlining the sort of development projects which might help to stimulate consumption and to which counterpart funds might be allocated will also be attached to the final report.

2. The main conclusions that emerged from the meeting of officials may be set out as follows:

(1) the desirability of using surplus wheat to expand present levels of consumption, and as a means of economic development in under-developed countries. Such economic development should after a period enable recipient countries to obtain their additional consumption needs on a commercial basis;

(2) the vital necessity of establishing effective safeguards for the commercial markets of wheat exporting countries. In this connection, it is proposed to apply the principle of

[287] Approuvé par le Cabinet le 23 avril 1959./Approved by Cabinet on April 23, 1959.

additionality by making the receipt of surplus wheat (or flour) conditional upon the purchase on commercial terms of a minimum quantity based on a historical pattern of imports. It should be noted also that the U.S. propose to remove the tied-in sale element in their future P.L. 480 transactions: the commercial quota of P.L. 480 recipients will be open to competition among exporting countries.

(3) The importance of the fullest cooperation and consultation among the major wheat exporting countries. To this end it is proposed that an inter-governmental consultative committee on surplus utilization be established, consisting of the wheat exporting countries. This committee would coordinate national programs of surplus distribution and might invite representatives of other donor countries or recipient countries to consult as appropriate. It is also proposed that the Committee might be associated in some way with the FAO Sub-Committee on Surplus Disposal.

(4) Two of the more important functions of the proposed Committee are:

(a) the establishment of agreed criteria to determine the eligibility of prospective recipient countries and to protect normal commercial marketings. While recipient countries would not be formally classified in particular categories, it is intended that a classification might be drawn up for the private use of the exporting countries; and

(b) the consideration of ways to ensure and expand the effective use of surplus wheat. This may have certain financial implications, in that some of the projects which might stimulate additional consumption could, if accepted by donor countries, involve resources other than those available from the use of counterpart funds.

4. The main points which you raised in your office this afternoon on the draft report of the meeting of officials were as follows:

(i) the intention of the U.S. to exclude tied-in sale clauses in future P.L. 480 transactions, which you welcomed.

(ii) whether it is envisaged that other surplus commodities should be included in a Food for Peace program. In the opening statement of the U.S. delegate this was the subject of a passing reference. There was general agreement among participating countries that only surplus wheat was being considered for the present;

(iii) whether countries other than those presently in receipt of substantial supplies of wheat through surplus disposal (Africa?) were being considered as prospective recipients. There was no specific consideration given to particular deficit areas or countries. However, U.S. estimates of food deficits included Europe, Latin America, Far East, West Asia and Africa;

(iv) whether flour, as distinct from wheat, was being considered under Food for Peace. No consideration was given to this point. There was the implication that flour milled from surplus wheat would be made available. It was also envisaged that market development programs in recipient countries might include the building of mills where appropriate.

5. The comments made in the discussion which followed were:

(i) that FAO's participation in the proposed Committee should be confirmed to an advisory capacity;

(ii) that the Committee should have no authority to recommend or advise how Colombo Plan appropriations should be spent (although its studies might reveal projects which would assist in improving nutrition levels) and that any advice regarding "market development" should be given both to the recipient and donor countries;

(iii) that the accumulation of counterpart funds is frequently useful as a counter to inflationary pressure attendant upon economic development, and that the rate of their

expenditure should be considered in the light of the fiscal position of the individual country rather than simply as a pool of local currency available to finance development projects.[288]

(iv) that it should be made clear that balance of payments difficulties should not be the *sole* qualification for the provision of surplus wheat on concessional terms, but might be considered as one of the essential factors in determining the eligibility of recipient countries within the context of the agreed criteria;

(v) that no commitment should be undertaken to provide additional funds for economic assistance to promote higher levels of consumption.

(vi) that it would be desirable in the communiqué or other publicity to emphasize the positive aspects of the food for Peace Program as well as the necessary safeguards to commercial markets. In this connection you may wish to refer to item III of the attached draft† which Gherson has given me of the first part of the officials report.[289]

J.H. WARREN

264. DEA/24-1-40

Note du sous-ministre du Commerce pour le ministre du Commerce

Memorandum from Deputy Minister of Trade and Commerce to Minister of Trade and Commerce

CONFIDENTIAL [Ottawa], June 26, 1959

FIRST MEETING OF THE WHEAT UTILIZATION COMMITTEE
WASHINGTON, D.C., JUNE 15-17, 1959

A full report of the first meeting of the Wheat Utilization Committee is attached.† The following is a resumé:

1. The first meeting of the Committee was chiefly concerned with the establishment of procedures and guidelines, possible schemes of market development (school lunch programmes etc.), national food reserves and a brief exchange of information on surplus disposal programmes for 1959/60. The recent P.L. 480. Title I Agreement with India, which had been held over at Australia's and Canada's request, for this meeting, was also discussed.

2. Given the limitations of a three-day meeting, it could not have been expected that the Committee would advance its work very much beyond the discussions at the pre-ministerial meeting of officials held last May. However, the meeting was not altogether barren. The main conclusions are as follows:

(a) The administrative procedures for the functioning of the Committee were left flexible and simple: the Committee would normally meet in the Spring and Fall of each year, and the Office

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[288] Notes marginales :/Marginal notes:
This was Plumptre's point.
I also made the point that Canada & USA had quite different practices re counterpart funds. R. G[rey]
X points put forward by External R. G[rey]
Rodney Grey a mis un « X » à côté des sections i. ii. v et vi du point 5.
Rodney Grey had placed an "X" beside sections i, ii, v and vi of point 5.

[289] Pour le rapport de la rencontre ministérielle des 5 et 6 mai et le communiqué au sujet de la rencontre, voir Canada, Chambre des Communes, *Débats*, 1959, volume III, pp. 3578 et 3627 à 3628.
For a report on the May 5-6 Ministerial meeting and the meeting communiqué, see Canada, House of Commons, *Debates*, 1959, Volume III, pp. 3410, 3457-3458.

of the Administrator of the FAS (Dr. Max Meyers) would be the central point of contact for members of the Committee and for liaison purposes at the Embassy level.

(b) The one positive result of the meeting was the setting up of guidelines for the selection of recipient countries and the determination of commercial "global" quotas as a means of safeguarding the commercial marketings of traditional supplies. In this connection, it is important to note the following points:

(i) The U.S. do not regard themselves bound to conform with the guidelines in every transaction on concessional terms. It is understood that exceptions might be made in cases where political considerations predominate (e.g., the recent P.L. 480 Agreement with Egypt). Nor do they commit themselves to the inclusion of a commercial quota in every Title I agreement: the case of Yugoslavia, Korea and Formosa were quoted as examples;

(ii) The commercial quota refers only to purchases from countries in the free world: commercial purchases of wheat from the Soviet orbit cannot be used in fulfillment of a commercial quota;

(iii) The State Department have given the assurance that purchases under barter are exclusive of the commercial quota; the U.S.D.A. pointed out, however, that in triangular barter deals it may be difficult to question the commercial character of a wheat purchase by an importing country not party to the first leg of the transaction.

These guidelines do not represent a foolproof safeguard against the incursion of U.S. surplus wheat on concessional terms in our markets. They should be regarded more as a basis on which to put forward our representations whenever our commercial interests are affected. In order to strengthen these guidelines we shall have to continue pressing for the establishment of specific commercial quotas for each of the prospective recipient countries.

(c) On the recent U.S. Agreement with India, the U.S. maintained that commercial quota of 300,000 tons was all that India's foreign exchange resources could sustain. Australia and Canada resisted this argument on the ground that the supply of three million tons of wheat for local currencies represented already a considerable concession to India's balance of payments and that the Indian commercial quota should be raised to 550,000 tons. While no decision was reached on this point at the meeting, we understand from our Embassy in Washington that, as a result of our and Australia's representations, the U.S. will now insist on the inclusion of a commercial quota of 400,000 tons in the proposed agreement with India. This is a compromise figure between the original quota of 300,000 tons and our proposal that it should be raised to 550,000 tons. As a practical instance of consultations on surplus disposal programmes, this does not augur too badly.

(d) With regard to possible schemes of market development and the establishment of national food reserves, the Committee appointed a small working group composed of Embassy representatives to study the problem and to report to the next meeting.

(e) The exchange of advance information on surplus disposal programme for 1959/60 proved a disappointment. The U.S. were very reticent in indicating in any detail what their surplus disposal programmes would entail in the coming year. They made it very clear, however, and this was confirmed by Mr. Benson in a brief address to the Committee, that they were planning a considerable expansion in the movement of wheat under their existing surplus disposal programmes.

3. The next meeting of the Committee will be held in Washington, D.C., on or about October 15th next. We had invited the Committee to convene this Fall in Ottawa, but in view of the subject matter to be discussed it was agreed that its acceptance be deferred until the following meeting next Spring.

JOHN H. ENGLISH

265. DEA/24-1-40

Le sous-ministre adjoint du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Associate Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, November 4, 1959

Attention: Mr. D.B. Wilson
Dear Sir:

WHEAT UTILIZATION COMMITTEE'S RECOMMENDATIONS
FOR A JOINT MISSION TO JAPAN, INDIA & INDONESIA

The Report of the Canadian Delegation to the Second Meeting of the Wheat Utilization Committee held on October 14th-16th in Washington, D.C., is enclosed† for your information.

2. In particular, I should like to draw your attention to the Committee's recommendation to member governments (and FAO) for the appointment of a joint mission to Japan, India and Indonesia (Appendix III of the Report). The purpose of this mission is first to visit Japan to study the methods used and results achieved by the U.S. authorities in their post-war promotional and development projects. Following this preparatory background, the mission would then proceed to India and Indonesia to investigate and recommend possible projects using surplus wheat, as a means of raising levels of nutrition and promoting both economic and market development.

3. Subject to obtaining the approval of Ministers to Canada's participation in such a mission and to the selection of a suitably qualified Canadian representative to serve on it, I should be grateful for your views, from a political standpoint, on the desirability or otherwise of such a mission visiting Japan, India and Indonesia early in the New Year. It would also be greatly appreciated if you could give consideration to the procedure to be followed in informing the governments of these countries of the proposed mission and the purpose of its visit.

4. In view of recent reports in the press that this mission is being sponsored at the instigation of the U.S. authorities, it is very important that the international character of this undertaking be clearly established. As it is likely that FAO will take part in this mission, this would emphasize its international complexion. I am wondering, therefore, whether, in the circumstances, there might not be merit in using the good offices of the Director-General of FAO to approach the authorities in the countries concerned, rather than having the participating countries making an individual or combined démarche. The purpose of the mission would seem to fall within the broad compass of FAO's activities in the field of international technical co-operation and, as you are aware, FAO enjoys a *locus standi* in the countries of the Far East by virtue of its technical assistance programs and services.

5. If, as is intended in the Committee's recommendation, the mission is to begin its work very early in the New Year, it will be necessary to communicate Canada's views on these matters before the end of this month to the U.S. authorities, who, in consultation with Embassy representatives in Washington, are acting as the coordinating body on behalf of the Committee.

Yours faithfully,

J. ROBERTS

3E PARTIE/PART 3

VISITE DU SECRÉTAIRE D'ÉTAT À OTTAWA, 11 JUILLET 1959
VISIT OF SECRETARY OF STATE TO OTTAWA, JULY 11, 1959

266. DEA/11562-117-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1676 Washington, July 2, 1959

SECRET. PRIORITY.

VISIT TO OTTAWA OF THE USA SECRETARY OF STATE

This afternoon, when I was seeing Livingston Merchant to follow up our conversation of last Friday, June 26, about Geneva, we also talked about the arrangements for the Secretary's visit to Ottawa on July 11. I shall be sending you a separate telegram† on the subject of the USA approach to the resumed Geneva talks.

2. I understand from Merchant that the details for Mr. Herter's meetings in Ottawa were being arranged through the USA Embassy there. He told me that on the USA side participants would be limited to the Secretary, Frederick Reinhardt, Counsellor of the Department of State, and Tyler Thompson (in the absence of Mr. Wigglesworth), as well as probably "a note-taker." He understood that the Prime Minister and you would participate on our side and that you would have two or three officials with you include myself. He has just phoned to say that he understands that there is a possibility that the Ministers of National Defence and Finance may also be present.

3. Merchant said that he hoped it would be possible to avoid any formalized discussion and any precise agenda. The principal advantage of the meeting, he felt, would be to give opportunity for you and the Prime Minister and the Secretary to get to know one another better and to give Mr. Herter an opportunity to explain personally the USA estimate of the prospects of the resumed Geneva conversations and generally the relationships between the West and the USSR. I said that for my part I agree entirely that this was the kind of meeting that would be most useful and most appreciated. I thought that you and Mr. Diefenbaker would feel likewise.

4. Merchant asked me whether I thought it would be useful in such an informal gathering to have any discussion on Joint Defence questions. I replied that, while I did not repeat not think that the occasion would be suitable to examine any particular element in our Joint Defence situation, and certainly not repeat not to seek any agreement upon precise defence questions, it would, I felt, be valuable if there could be some discussion of objectives and the general principles of our relationship in matters of defence. I thought that it would be a good opportunity for the Secretary of State to relate USA-Canadian defence cooperation to western strategy generally. Merchant agreed that this approach would be helpful on both sides and I have the impression that he will so advise the Secretary.

5. Finally, Merchant asked me whether I thought any economic questions should be introduced. I said on the whole I thought not repeat not. There would be little time if there were to be serious discussion on the other two large topics and, in fact, there were presently no repeat no critical issues between us in the economic field.

6. My conversation with Merchant confirmed the opinion I expressed on Tuesday to both the Prime Minister and you, that the decision of the Secretary of State to suggest a visit to Ottawa en route to Geneva is a genuine evidence of the desire of Mr. Herter (and Merchant who has interested himself very much in this project) to consult with the Prime Minister and you on these issues and also to have the opportunity of becoming better acquainted in relation to these matters of great joint interest.

7. If you have any comment or suggestion as to the conduct of the Ottawa meetings arising from my conversation with Merchant, I would be glad to know as soon as possible so that I may pass the word on to him.

[A.D.P.] HEENEY

267. DEA/11562-117-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], July 10, 1959

FOREIGN MINISTERS' CONFERENCE

You may find of interest for purposes of your discussions with Mr. Herter on Saturday the following notes concerning the Foreign Ministers' Conference.[290] In preparing these, we have started from the statements you made in the House on Thursday[291] and have added additional points which you might wish to have in mind.

2. *Western Attitude* — No agreement was reached during the six weeks of negotiations, but one should not underrate the benefits of the discussions which had taken place. There seems to be a slightly improved international climate at the present time compared with the situation last November when Khrushchev first made his belligerent declarations about the Berlin situation.[292] The element of threat and ultimatum has faded, although it is still present in the background to be brought to the fore whenever Khrushchev should desire. It is to be hoped that the second stage of the Foreign Ministers' Conference might serve to lower the international temperature, even if no specific agreement is reached on Berlin.

3. *Soviet Attitude* — If any progress is to be made, it will be necessary for the East-West talks to be conducted in a spirit free of implied threats or peremptory demands. The ineffectiveness of their protest over holding West German Presidential elections in West Berlin may help to show the Soviet leaders that nothing is to be gained by an attitude of challenge and impatience.

4. It is difficult to find evidence at Geneva that the Soviet Union is prepared to meet its responsibilities toward the world community in the context of international problems. It is possible, however, that the Soviet Union may in time come to adopt a less self-centred and belligerent stance in its dealings with other countries, and particularly in its relations with the

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[290] Voir « Conférence sur l'Allemagne et Berlin » *Affaires extérieures*, vol. 11, N° 9 (septembre 1959), pp. 257 à 261.
See "Foreign Ministers' Conference on Germany and Berlin," *External Affairs*, Vol. 11, No. 9 (September 1959), pp. 261-265.

[291] Voir Canada, Chambre des Communes, *Débats*, 1959, volume V, pp. 5987 à 5988.
See Canada, House of Commons, *Debates*, 1959, Volume V, pp. 5709-5710.

[292] Voir/See Volume 24, Document 302.

United States. Within recent days, Khrushchev, in talking to a visiting group of State Governors from the U.S.A. in Moscow, said that if friendly relations could be established between the Soviet Union and the United States (he mentioned the high degree of wartime cooperation), there need never again be a war, since the two great powers together would always be able to prevent it. He also, of course, reaffirmed, as he has many times in the past, that the Soviet Union did not threaten any other country and wanted only peace. Set against these amiable remarks, of course, must be the very firm line Khrushchev took in his recent conversations with Averill Harriman.[293] On this occasion Khrushchev again talked a good deal about the use of force on the access routes to Berlin and showed no inclination to agree that Western forces could remain in Berlin until reunification of Germany is achieved.

5. *Contact with Soviet Leaders* — Future negotiations might best be conducted not by an expanded participation of countries from both sides but by a reduced number. Further direct contacts between Soviet and United States leaders could be useful as was the visit of Mr. Macmillan and Mr. Lloyd. Khrushchev apparently told the visiting U.S.A. governors on July 8 that it would be useful for Eisenhower to visit Moscow and that he himself would be willing to go to the United States. (In his press conference yesterday, Mr. Herter said that a visit by Mr. Khrushchev to the U.S.A. is "certainly worth thinking about.")[294]

6. The visit this year of the two Deputy Soviet Premiers — Mikoyan some months ago and Koslov at the present time — appear to have a certain value. The proposed visit this summer of Vice President Nixon to the U.S.S.R. will be equally worthwhile.[295] The Canadian Government is not at all apprehensive about the establishment of these direct links at a senior level between the U.S.S.R. and the U.S.A.

7. At the same time the Canadian Government is not attracted to any process of enlargement of the Western side in dealings with the Soviet Union as was implied in the recent French-Italian suggestion that Italy join in policy-making discussions at the Foreign Ministers' level with the U.S.A., U.K., France and West Germany. Canada prefers to stress the importance of general consultations taking place through NATO.[296]

N.A. R[OBERTSON]

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[293] Voir/See "Harriman Finds Khrushchev Firm," *New York Times*, June 26, 1959, pp. 1, 5.

[294] Voir/See *Department of State Bulletin*, Vol. XLI, No. 1048 (July 27, 1959), pp. 107-116.

[295] Le vice-président Richard Nixon était en visite à Moscou entre le 23 juillet et le 2 août 1959.
Vice-President Richard Nixon visited Moscow between July 23 and August 2, 1959.

[296] Note marginale :/Marginal note:
Seen by Minister. Incorporated in brief for Herter visit. R[oss] C[ampbell]

268. DEA/11562-117-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM S-304 Ottawa, July 20, 1959

CONFIDENTIAL. OPIMMEDIATE.

Repeat Paris, London, Washington, Brussels, The Hague, Rome, Bonn (Information).
By Bag from London: Ankara, Athens, Oslo, Copenhagen.

MR. HERTER'S VISIT TO OTTAWA

We recognize the unsatisfactory situation to which you refer in your 1467 of July 18† but we have been hoping to be in a position to give our missions somewhat fuller info about the conversations than we had given to foreign representatives here in Ottawa. However, you should not be less informed.

2. The visit was made at Mr. Herter's suggestion, he having expressed the wish soon after he became Secretary of State to come to Ottawa to meet the Prime Minister and subsequently when Mr. Green was appointed, to meet him. The visit was therefore intended for the purpose of making personal contact with the Prime Minister and our new Secretary of State. However, since it took place on the eve of the resumption of the Geneva Conference the conversation was chiefly devoted to east-west negotiations.

3. The Prime Minister and Mr. Green, accompanied by Mr. Robertson and Mr. Heeney, met Mr. Herter, who had with him, Merchant, Reinhardt and Tyler Thompson, at Sussex Street for an informal meeting for which there was no agenda. The conversations lasted somewhat more than an hour, followed by luncheon, after which the Prime Minister had to take his leave to fly to Winnipeg and Mr. Herter returned to the American Embassy.

4. The conversations consisted chiefly of a description by Mr. Herter of the first phase of the Geneva Conference of Foreign Ministers and the American expectations for the second phase. Mr. Herter left the impression that he was returning to Geneva with the genuine determination to attempt to make the negotiations productive, appearing to share the Canadian view that there was no real alternative to negotiations.

5. While he did not give a specific opinion, it was implicit in his references to the difficulty that would be found in trying to fit in a summit meeting in early September and in his references to the possible locations for a summit meeting that he believed that a summit conference could be agreed to.

6. From what Mr. Herter said and from conversations with American officials who accompanied him it appears that, contrary to what the public American statements might have led one to expect, the President has not laid down any specific condition for his going to the summit. It will not therefore necessarily be required that an agreement be reached on any specific topic which would then be transferred to the summit meeting for final approval; rather it will be left to the combined judgment of the western negotiating powers to determine whether the atmosphere and developments during the Foreign Ministers' Conference are such as to give a reasonable expectation of some agreement coming out of a summit meeting.

7. On timing the Americans are apparently thinking in terms of a summit meeting before the UN General Assembly. This would be made difficult, however, should Congress continue until the end of August which at present seems possible since the President has a busy ten days

following the conclusion of Congress during which he must take action to approve legislation. Officials referred to the possibility that the opening of the General Assembly might be adjourned for a fortnight should a summit meeting be arranged.

8. Quebec was mentioned as a possible place for the summit meeting since it would be easier for the President if it were held on this continent. Against this, however, is the firm declaration of de Gaulle that he will not go out of Europe for the meeting. Mr. Herter's description of the likely size of national delegations together with a press contingent of some 1,500 raised a question whether Quebec could offer the accommodation and communications facilities which would be required. Geneva still seems to be the most generally acceptable choice.

9. There was virtually no discussion of the Canadian-US bilateral questions.

10. Mr. Herter made an excellent impression by his sincerity and frankness. He impressed his listeners with his thorough grasp of detail in discussing the complex problems under consideration at Geneva. He did not suggest that the USA was carrying any new proposals to the conference. Although he stressed the good relations which had developed between the three Western foreign ministers, there was no disguising the fact that it continues to be difficult to coordinate the Western views into a single negotiating position. In this the Americans are obviously conscious of the special factors which influence the attitudes of the UK and the French delegations and in particular have very much in mind the USA relations with France, and with West Germany also, when they are deciding how much they should exert their influence in search of an agreed western position.

4E PARTIE/PART 4

FLEUVE COLUMBIA
COLUMBIA RIVER

269. DEA/5724-1-40

Note pour le Comité du Cabinet
chargé des problèmes concernant le fleuve Columbia

Memorandum to Cabinet Committee
on Columbia River Problems

SECRET [Ottawa], April 27, 1959

On 29 January 1959 the governments of Canada and the United States sent identical letters to the two sections of the IJC requesting that the Commission "report specially to governments at an early date its recommendations concerning the principles to be applied in determining

"(a) the benefits which will result from the co-operative use of storage of waters and electrical inter-connection in the Columbia River System, and

"(b) the apportionment between the two countries of such benefits, more particularly in regard to electrical generation and flood control."

Since that time the Commission has held three meetings to discuss this question. At the first meeting held in New York the Chairman of the Canadian Section presented a broad framework of ideas which could be used as the basis for the specific replies to the two governments. The U.S. Section undertook to draft specific principles and at the next meeting in Chicago the U.S. Section submitted a paper amplifying the problems involved. Later, in Washington the U.S. Section submitted a paper commenting on the Canadian proposal made in New York.

Both these papers were inconclusive and inadequate as a basis for recommending principles to the two governments. Discussions within the Commission and informally with representatives of various U.S. agencies have made it clear that the conflicting interests in the water resource field in the United States make it difficult for the U.S. Section to formulate principles which would be acceptable to all interests in the United States.

It appears that, while the Bonneville Power Administration, Federal Power Commission, and the State Department in the United States would be receptive to the sort of principles that have been in the minds of Canadian officials, the views of the U.S. Army Corps of Engineers have prevailed in the Committee advising the U.S. Section, IJC. Accordingly, it is suggested that *more rapid progress* could be made if the Canadian Section of the IJC again took the *initiative* by proposing specific principles for the determination and apportionment of downstream benefits. This course of action requires however a clear indication of the general propositions which are acceptable to the Government of British Columbia, the owner of the resource, and the Government of Canada.

It is the purpose of this paper to spell out in some detail the basic issues involved and to suggest principles which might be put forward by the Canadian Section for discussion in the IJC. It cannot be expected that either the British Columbia Government or the Government of Canada will make firm commitments at this stage, before recommendations have been received from the IJC as a whole. However the Canadian Section IJC will be in a stronger position in the discussions if there has been agreement in Canada on the general principles.

The technical studies on the provincial, federal and international level have now been carried forward to the point where it is possible to formulate principles for the determination and apportionment of downstream benefits.

These studies indicate that flood control and power make up the major portion of the downstream benefits and are far greater in total than the cost of providing the benefits. Consequently an equitable division of benefits will result in net gains in each country which are much greater than those that could be obtained by any other alternatives within the Columbia Basin.

POWER BENEFITS

The cooperative use of Canadian storage would result in the production of additional power in the United States at a cost which is far below the cost of power from alternative sources in that country. An equitable sharing of this power between the two countries would provide low cost power to the BC markets and very low cost power to the U.S. markets.

Measurement of Downstream Power Benefits

The U.S. Section of the IJC has agreed that the power benefits attributable to upstream storage should be measured in terms of the increase in firm power due to an increase in dependable capability during critical periods and proposed that, in addition, consideration should be given to the increase in usable energy made possible by the upstream storage.

It is therefore recommended that:

(a) The downstream firm power benefits should be measured by calculating the increase in firm power capability of the US system due to the estimated effect of storage regulation in Canada during the critical stream flow period. (The question of what constitutes the critical stream flow period would be subject to joint determination by United States and Canadian engineers before any final agreement is made.)

(b) This valuation of downstream firm power benefits should be made initially on the basis of the agreed amount* of generating capacity, at existing sites in the United States. Subsequent evaluations should be made of additional downstream benefits created by the addition of new generating capacity in the United States.

(* It is assumed that the initial evaluation described in (b) above would reflect an increase in the U.S. installations sufficient to make maximum use of Canadian storage.)

(c) In assessing the contribution of storage projects, each project, when added, should be credited with the additional downstream firm power benefits which it creates and the benefits, as measured under (b), should remain constant for the term of the agreement.

(d) In addition any increase in usable energy generated at the downstream plants and attributable to the storage projects should be determined at the end of each year.

Division of Downstream Power Benefits

There are strong indications that an equal division of downstream power benefits would be generally acceptable to both the U.S. and Canada.* However the equal division could apply to gross or net benefits. Within these two broad categories different methods can be used to make the calculations.

(* At present, while it is relatively easy to divide firm power benefits, insufficient information is available to recommend a principle for the division of usable energy.)

The division of gross power benefits could mean that the power benefits described above would be divided equally at the generators. Under this method each country would bear storage and generating costs incurred in its own country and each would receive one half of the additional power produced in the downstream plants. For example a High Arrow Lakes project would produce an additional 1,000,000 KW of firm power in the downstream plants. Assuming a capital cost of $70 million and annual costs in Canada of 4.2 million and costs of transmission $2.5 million and transmission losses of 4%; Canada would receive 480,000 KW at a cost of $4.2 million + $2.5 million or $6.7 million or $14 per KW. A more *equitable division* of the *economic benefits* between the two countries would be achieved if the United States pays the cost of transmitting Canada's share to the boundary. The cost to Canada would then be 4.2 million/480,000 or $9 per KW.

If the net downstream power benefits are to be divided equally the *incremental* costs of storage and generating facilities would be recovered from the power values and the remaining power benefits divided equally.

For example, in the case of the High Arrow Lakes project discussed above the 1,000,000 KW of firm power might have a value of around $40* per KW or a total annual value of $40 million. From this amount Canada would be entitled to an amount of power equivalent to $4.2 million and the U.S. $1.8 million (The annual cost of additional generating facilities required as estimated by Canadian Government engineers). The remaining $34 million would be divided equally between the two countries i.e. power equivalent to $17 million would go to each country in addition to its basic entitlement. In this case Canada would get the equivalent in power of $21.2 million and the U.S. $18.8 million. These amounts can be translated into power equivalents by dividing by $40, the value assumed for the above calculation. Under this arrangement Canada would get 530,000 KW and the United States 470,000 KW. Canada would then receive 530,000 KW at the generators at a cost of *$8 per KW.*

(* A figure of $41.58 is used in "Multiple-Purpose River Development" by J.V. Krutilla and D. Eckstein, as the value of prime power output in the Columbia Basin. This in turn is based on Federal Power Commission studies. It should be noted that if a figure lower than $40 per KWH is used as the value of this power for the purpose of this calculation then

Canada's share of power increases. On the other hand if any part of Canada's share is sold in the U.S. market it would be expected that the same price would apply.)

When transmission costs and losses from point of generation to the boundary are included the cost would be about *$13 per KW.* (For 510,000 KW at the Boundary).

If the cost of transmitting Canada's share to the Boundary is included in the netting calculation then Canada would receive 480,000 KW at the border at a cost of about *$9. per KW.*

In the case of the higher cost Mica project the benefits to Canada of the netting process are much greater (See Appendix A attached).

If the net benefit division method is adopted as the basis for the Canadian position it would have the following advantages:

(a) it would have distinct economic advantages to Canada, and the higher the cost of a project the greater the relative advantage.

(b) it is a more defensible principle in terms of traditional economic thought. Benefits are in fact the value remaining after costs have been deducted. Net benefits are therefore the only *real* benefits.

(c) it conforms with standard practice in inter-utility arrangements for similar problems.

The equal division of gross benefits has the following advantages:

(a) it avoids the need for international cost accounting,

(b) it simplifies the administrative problems, particularly with the multitude of agencies that are involved in the development of the Columbia Basin,

(c) it avoids interference by each country in the internal affairs of the other.

FLOOD CONTROL BENEFITS

Measurement:

The value of the damages prevented by flood control storage or the least cost alternative of providing equivalent protection measures the worth of the flood control service.

The effectiveness and value of Canadian storage should be based on the contribution towards obtaining the flood control storage needed to control the 1894 flood to 800,000 cfs. at the Dalles — a minimum objective proposed by the U.S. Corps of Engineers. According to statements made by U.S. members of the IJC less than 8 million acre feet of additional storage will be needed to meet this objective. From an economic point of view High Arrow Lakes and Mica Creek are the two most attractive storage projects in the entire basin and would achieve this minimum flood control objective.

Canada should require that the annual contribution of Canadian storage projects to flood control be evaluated on the same basis as if these projects were in the United States and that such *evaluation* should *remain constant* for the period of the agreement.

This would mean that the annual flood control benefits i.e. the calculated value of damages prevented from High Arrow Lakes and Mica storage would be over $10 million, provided that these are the next two storage projects constructed.

Division of Flood Control Benefit

On the assumption that alternative U.S. projects have a benefit-cost ratio of 1.5 to 1 it might be reasonable to suggest that the payment to Canada for flood control storage should be two thirds of the measured value of the flood control benefits, or alternatively the Canadian Section might suggest a token payment of $1 per acre foot for effective flood control storage.

Method of Payment

The flood control payment as determined above should be in fixed annual cash payments for the term of the agreement or a lump sum equivalent. The lump sum payment has the following advantages:

(a) it is preferred by the U.S. Section, IJC,

(b) annual payments would have to be voted annually by Congress. A lump sum payment would avoid the chance of recurring debates in Congress,

(c) it would safeguard the payment against the possible effect of inflation on the value of the dollar,

(d) it would make available a large sum of money for investment in works early on in the development of the Canadian section of the Basin.

The fixed annual cash payment would:

(a) avoid objections that might arise in the United States to a lump sum payment for flood control that is larger than the total cost of the High Arrow Lakes storage project.

This paper has been directed to the current discussion on principles for the determination and apportionment of downstream benefits. Underlying this issue is the broad question of the selection of the actual projects to be constructed in both countries and operated as part of the co-operative development.

The International Columbia River Engineering Board Report indicates the possibilities for overall system development. However power load requirements must be met by adding projects one at a time in order to minimize unused capacity. To maximize benefits it is desirable to develop projects in the order of their economic attractiveness. Therefore it is of fundamental importance that both countries accept in principle the proposition that storage projects will be constructed in the order in which they yield the greatest net benefits to the two countries.

Appendice A

Appendix A

EFFECT OF DIVISION OF GROSS VS. NET BENEFITS

COST AND AMOUNT OF CANADIAN FIRM POWER BENEFITS MEASURED AT U.S. GENERATORS

	Gross Benefit Method	Net Benefit Method*
High Arrow Lakes		
Canada's share at generators	500,000 kw	530,000 kw
Cost at U.S. generators	$8. per kw	$8. per kw
Mica, added after Arrow Lakes		
Canada's share at generators	500,000 kw	650,000 kw
Cost at U.S. generators	$27. per kw	$21. per kw

(* Under the net benefit method Canada might agree to take not more than 50 percent of the benefits in power i.e. 500,000 kw in each of the above examples. The balance of Canada's share would be marketed in the U.S.)

270. DEA/5724-1-40

Le secrétaire du Comité du Cabinet
chargé des problèmes concernant le fleuve Columbia
au secrétaire d'État par intérim aux Affaires extérieures

Secretary, Cabinet Committee on Columbia River Problems,
to Acting Secretary of State for External Affairs

Ottawa, June 3, 1959

Dear Sir:

The attached memorandum dated May 29, 1959 was presented to the International Joint Commission by General McNaughton at the New York meeting held on May 31, 1959.

The Canadian proposals were prepared after consultation with the federal Cabinet Committee on Columbia River Problems, the B.C.-Canada Technical Liaison Committee and the B.C.-Canada Policy Liaison Committee. It was agreed at the New York meeting that the U.S. Commissioners on the I.J.C. would study the Canadian proposals before the Commission's next meeting in Montreal on June 30.

It was also agreed that the Commission has insufficient data to test the implications of the various alternative principles put forward for the division of downstream benefits. This is particularly true with respect to downstream costs associated with the use of regulated flow from Canada. Accordingly, a twelve-man technical committee was formed, comprising six members from each country, to establish these facts with respect to the High Arrow Lakes and Mica Creek dams. This Committee will report to the Commission prior to the next meeting of the I.J.C.

Members of the I.J.C. also agreed that the time had now come for the members of the Commission to meet privately to try to establish basic principles which might be recommended to the two governments. It was suggested by Governor MacKay that the members of the Commission should meet for this purpose for three or four days in early July. Commissioner Dansereau invited the group to meet at his summer home in the Laurentians. The Commission will meet without advisers and they hope to be able to establish wide areas of agreement, and if necessary, to define more clearly the areas of disagreement.

In general, there has been good progress.

Yours sincerely,

K. KRISTJANSON

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

Ottawa, May 29, 1959

Draft Principles Proposed by U.S. Section IJC 23 April 1959	Draft Principles Proposed by Canadian Section IJC AND/OR COMMENTS
A. DOWNSTREAM BENEFITS — POWER 1. Downstream power benefits in one country should be determined on the basis of an assured plan of operation of the storage in the other country.	1. Acceptable.
2. The power benefits should be estimated in advance to the extent possible to the mutual satisfaction of the upstream and downstream interests on the basis of conditions expected to prevail during the period over which the arrangements are to be effective.	2. The power benefits attributable to a proposed upstream storage project shall be estimated in advance to the extent possible to the mutual satisfaction of the upstream and downstream countries.
3. The amount of downstream power benefits considered to result from upstream storage regulation shall be determined in advance by computing the difference between the amount of power that will be produced at the downstream plant with the storage regulation and the amount that would be produced without such regulation.	3. The amount of power benefits considered to result in the downstream country as a result of regulation of flow from storage in the upstream country shall be determined in advance by computing the difference between the amount of power that will be produced at the downstream plants with the storage regulation and the amount that would be produced without such regulation.
4. The amounts of downstream power benefit determined to result from upstream storage regulation shall normally be expressed as the increase in dependable hydro-capacity in kilowatts under an agreed upon critical stream flow condition, and the estimated increase in average annual useable hydro energy in kilowatt-hours on the basis of an agreed upon period of stream flow record.	4. Under consideration.
5. The monetary value of the downstream power benefits shall be limited to the estimated cost to the downstream beneficiary of obtaining equivalent power from the most economical alternative source available.	5. The downstream power benefits determined to result from any upstream storage when first added to the system shall remain constant, except for any increases or decreases that are agreed upon on the basis of reviews which shall be conducted at five year intervals. Such reviews shall take account of agreed changes in the assumed plan of opera-

	tion which have arisen from such matters as: (i) A change of the plan of operation of any storage existing when the benefits were created. (ii) The creation of additional power through the increased utilization of head in the downstream country. The downstream power benefits to be attributed to each subsequent storage will be determined as provided in Principle 3 above.
6. The determination of power benefits shall be subject to review every 5 years to take into account any change in previously assumed conditions and to insure equity and accurate determination to the maximum extent possible.	6. Co-operative development of the water resources of a river basin, designed to maximize benefits, requires that the elements of storage and downstream at-site power proposed by the respective countries will normally be added in the order of the most favourable benefit/cost ratio.
7. The power benefits determined in accordance with the foregoing shall be shared between the upstream and downstream interests by (a) assigning sufficient benefits to the upstream interests to cover their costs incurred for downstream benefit purposes; (b) assigning sufficient benefits to the downstream interests to cover the costs incurred to utilize the upstream storage at the downstream sites, and (c) dividing the remainder equally between the upstream and downstream interests.	(See Principle 5 above.) 7. (The general principle that downstream benefits should be shared equally has been widely accepted. However, this general principle may be expressed several different ways. The following three methods are presented for consideration.) 7A. Power benefits as determined in Item 4 shall be shared between the two countries by (a) assigning sufficient benefits to the upstream interests to cover their costs incurred for downstream benefit purposes, and (b) assigning sufficient benefits to the downstream interests to cover the incremental costs incurred to utilize the upstream storage at the downstream sites, and (c) dividing the remainder equally between the upstream and downstream interests. 7B. Power benefits as determined in Item 4 shall be divided equally between the two countries. Each country shall pay an equal share of the incremental cost of storage in the upstream country that could properly be allocated to the production of power benefits in the other country and each shall pay an equal share of the incremental cost required to produce the power benefits in the downstream country.

	7C. The downstream power benefits as determined in Item 4 shall be divided equally between the two countries with each country responsible for its own costs incurred to produce the benefit.
8. Payments shall be made in power, in money, or in both as may be agreed, in amounts determined at 5 year intervals for the ensuing 5 years. The arrangements for payments should include safeguards to insure that both the upstream and downstream interests are kept whole with respect to costs incurred for downstream power benefit purposes. The upstream storage interest shall bear the costs of transmission to the boundary of the power it obtains from the downstream country.	8. The share of power benefits assigned to the upstream country, in accordance with the foregoing principles (less electrical transmission losses) and in quantities suitable to the upstream country shall be delivered free of charge at the international boundary. This shall not preclude arrangements between the two entities for disposal in the downstream country of part or all of the share of power benefits to which the upstream country is entitled. (Second sentence of U.S. Principle 8 under consideration, pending conclusion re Principle 7.)
B. DOWNSTREAM BENEFITS — FLOOD CONTROL 1. Flood Control benefits should be determined on the basis of an assured plan of operation and flood control regulations agreed to in advance.	1. Acceptable.
2. The net amount of upstream storage in acre-feet considered effective for downstream flood control shall be estimated and agreed to in advance in the light of remoteness of the storage and other pertinent conditions.	2. The downstream flood control benefit of each acre-foot of effective upstream storage as estimated for each storage project in the upstream country shall be determined on the basis of the value of such storage as part of the total requirements to meet the basic objective of control of the 1894 flood to 800,000 c.f.s. at The Dalles. Upstream storage which is provided after the basic flood control objective has been achieved would be evaluated on the basis of its contribution to the further reduction of the 1894 flood to 600,000 c.f.s. at the Dalles.
3. The downstream flood control benefit of each acre foot of net effective upstream storage estimated in accordance with paragraph 2 above shall be determined on the basis of the value of such storage in meeting the initial objective of control of the 1894 flood to 800,000 cfs at The Dalles, provided the upstream storage is made available for	3. The monetary value of the flood control benefit to be assigned to the upstream storage shall be the estimated average annual value of the flood damage prevented by such storage.

flood control operations prior to the time when the net effective storage for flood control purposes in the United States has reached a total of 14 million acre-feet. Upstream storage to be provided at a later date would be evaluated on the basis of its contribution to the control of the 1894 flood within the range of 800,000 to 600,000 cfs at The Dalles.	
4. The monetary value to be assigned the flood control benefit of upstream storage shall be the estimated average annual value of the flood damage prevented by such storage or the average cost of the alternative storage available to the U.S. for accomplishing the same degree of flood control, whichever is less.	4. The upstream country will be paid one-half of the benefits as measured in Principle 3, i.e. one half of the value of the damages prevented.
5. The flood control benefits determined in accordance with the foregoing shall be shared as follows: (a) by assigning sufficient benefits to the upstream storage to cover costs incurred in the upstream storage solely in the interest of flood control and to cover the value of any estimated loss of power at the upstream storage project necessitated by operations in the interest of flood control, and (b) by dividing the remainder of the flood control benefit equally between the upstream and downstream interests.	5. The amount due to the upstream country under the foregoing principles shall be determined in advance of construction of each storage project. Payments to cover the entire period that the arrangements are to be effective shall be made in cash as a lump sum or periodic amounts as may be agreed upon to the mutual satisfaction of the upstream and downstream countries.
6. The amount due to the upstream interests under the foregoing principles shall be determined in advance for the entire period that the arrangements are to be effective. Payments shall be made in cash as a lump sum or periodic amount as may be agreed upon to the mutual satisfaction of the upstream and downstream interests.	6. The upstream country shall be compensated by the downstream country for any loss of power necessitated by special operation in the interest of flood control.

271. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 8, 1959

COLUMBIA RIVER REFERENCE

As indicated in General McNaughton's letter of July 6† to the Minister of Northern Affairs and National Resources (a copy of which was sent to you) little real progress on the Columbia River Reference was made at the meetings last week of the International Joint Commission. The report of the Working Group was discouraging in that it revealed that there is no complete agreement among the engineers themselves on figures and on such fundamental questions as how power benefits should be calculated and how costs should be allocated. Furthermore, it was apparent that the approach favoured by at least some of the engineers is not necessarily consistent with the principles which the Commissioners are working out.

From the Canadian point of view, perhaps the most disturbing feature of the Working Group's report was the degree to which the United States technicians claim credit for "sunk" and "attributable" costs, i.e., for expenditures on facilities in the United States including present plants which may be used to generate power provided by Canadian storage. If the assumptions of the United States Section of the Working Group with respect to attributable costs were to be accepted as a basis of a development programme, the result would be incongruous. Canada would be charged a substantial portion of the cost of United States installations. After a relatively short period of years these installations would cease to be used for processing Canadian-stored water. In consequence there would be a drastic reduction in the compensation payable to Canada for storage.

Another undesirable implication of the Working Group's report is that the cost-sharing arrangements envisaged by the United States Section of the Group would continue to involve Canada and the United States substantially in each others affairs.

An officer of this Department has discussed the present situation with General McNaughton who may suggest to you the possibility of mentioning this matter to Mr. Herter next Saturday.[297] You might wish to express some concern about:

(a) the delay in reaching agreement on principles in the Commission; and

(b) the fact that the principles which are now being tested by the Commission, when interpreted by some of the engineers and applied to specific programmes of development, appear to produce results which are unsatisfactory to Canada.[298]

N.A. R[OBERTSON]

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[297] La question du fleuve Columbia n'a pas été abordée pendant la visite du secrétaire d'État Herter à Ottawa le 11 juillet 1959.
The Columbia River question was not discussed during the visit of Secretary of State Herter to Ottawa on July 11, 1959.

[298] Note marginale :/Marginal note:
1) SSEA understands from General Macnaughton [sic] that talks at his house are going very well, the US commissioners evidently having received instructions from M. Herter to meet Canadian wishes on a number of difficult points.
2) SSEA is anxious that work on a draft treaty with the US Govt go forward parallel with the Engineering studies & discussions in the IJC. R[oss] C[ampbell]. 11/7

272. PCO/W-10-14

Extrait du procès-verbal de la réunion du Comité du Cabinet chargé des problèmes concernant le fleuve Columbia

Extract from Minutes of Meeting of the Cabinet Committee on Columbia River Problems

CONFIDENTIAL [Ottawa], August 28, 1959

Members Present

The Minister of Northern Affairs & National Resources (Mr. Alvin Hamilton) (Chairman)
The Secretary of State for External Affairs (Mr. Green)
Mr. Harkness

Also Present

Mr. J. Harrison Cleveland, Department of External Affairs
Mr. E.A. Côté, Department of Northern Affairs & National Resources
Mr. K. Kristjanson, Department of Northern Affairs & National Resources (Secretary).

1. The meeting was called to hear a brief report by General McNaughton on progress made by the International Joint Commission in the formulation of principles for the ascertainment and division of downstream benefits.

2. *General McNaughton* reported that the International Joint Commission had held two private meetings to discuss the draft principles. The United States members had then agreed to write a statement which reflected the views of both the Canadian and United States members of the Commission. This draft was then modified on the basis of comments made by General McNaughton at a meeting in Washington with United States Commissioners Adams and Weber. This draft was to be available by August 31 for distribution to members of the British Columbia and federal governments for comment.

3. *General McNaughton* said that the Commission would meet on September 9 and 10 to discuss the additional paragraphs; one on advantages of interconnections between two utilities and the other on principles governing transboundary projects such as Libby. The International Joint Commission would meet again on October 6 when it was hoped the replies to governments could be finalized.

4. *It was agreed* that General McNaughton would send copies of the draft principles to Mr. Hamilton and Mr. Williston for comment. These comments would be given sympathetic consideration by the Commission before preparing final recommendations to governments.

5. The comments would be submitted in advance of the October 6 meeting of the International Joint Commission. Mr. Hamilton would contact Mr. Williston to suggest that a meeting of the British Columbia-Canada Policy Liaison Committee be held on September 26 or 29. He would also suggest that the Technical Liaison Committee meet to prepare an appraisal of the draft principles submitted by the International Joint Commission.

6. Officials of the federal government would formulate views on such questions as the term of the agreement, the kind of corporate structure best adapted for development of the Columbia, financial arrangements with British Columbia and other matters. These questions would be discussed in the Advisory Committee on Water Use Policy.

7. The meeting adjourned about 1:00 p.m.

K. KRISTJANSON

273. PCO/W-10-14-M

Extrait du procès-verbal de la réunion du Comité consultatif sur la politique relative à l'utilisation de l'eau

Extract from Minutes of Meeting of Advisory Committee on Water Use Policy

CONFIDENTIAL [Ottawa], November 4, 1959

Members Present

Mr. R.G. Robertson, Deputy Minister of Northern Affairs and National Resources (Chairman)
Mr. R.B. Bryce, Clerk of the Privy Council
Mr. J.H. Cleveland representing the Under-Secretary of State for External Affairs
Mr. A.F.W. Plumptre representing the Deputy Minister of Finance
Mr. W.R. Hourston representing the Deputy Minister of Fisheries
Dr. C.S. Lord representing the Deputy Minister of Mines and Technical Surveys
Mr. J.R. Menzies representing the Deputy Minister of National Health
Mr. W.A. Kennett representing the Deputy Minister of Trade and Commerce.
Mr. K. Kristjanson, Department of Northern Affairs and National Resources (Secretary)
Mr. F.J. Thorpe, Department of Northern Affairs and National Resources (Assistant Secretary)

Also Present

General A.G.L. McNaughton, Chairman, Canadian Section, International Joint Commission
Mr. J.L. MacCallum, Legal Adviser, Canadian Section, International Joint Commission
Mr. E.R. Peterson, Engineering Adviser, Canadian Section, International Joint Commission
Mr. H.C. Kingstone, Department of External Affairs
Mr. A.D. McLaine, Department of External Affairs
Mr. R.M. Robinson, Department of External Affairs
Mr. J.F. Parkinson, Department of Finance
Mr. M.F. Bélanger, Department of Finance
Mr. E.A. Côté, Department of Northern Affairs and National Resources
Mr. T.M. Patterson, Department of Northern Affairs and National Resources
Mr. P.R. Purcell, Department of Northern Affairs and National Resources
Dr. J.S. Hodgson, Privy Council Office
Mr. E.V. Gilbert, Department of Public Works.

COLUMBIA RIVER — I.J.C. MEETING

1. *General McNaughton* reported as follows on the meeting of the I.J.C. held at Niagara Falls during the week of October 25th.

A limited number of copies of the "31 October 1959" draft of the report of the I.J.C. on principles for determining and apportioning benefits from co-operative use of storage of waters and electrical interconnection within the Columbia River System were distributed. This draft was prepared at the Niagara meeting.

The Chairman, Canadian Section made full use at Niagara of the comments of the joint Policy Liaison Committee of Canada and B.C. sent to him following that Committee's meeting of 29 September 1959. With two specific exceptions, the views of that Committee were substantially incorporated in the 31 October draft.

In general, the results of the Niagara meeting indicated great promise for solving the problems related to the Columbia River. General McNaughton felt that the present draft was a workable document although he had reservations on some points. There was still considerable obscurity about U.S. intentions on the maintenance of the storage credit position of certain projects which the Corps of Engineers would like to build; and on the manner in which the U.S. agencies would like to use the netting principle to introduce into the calculation of net

benefits the "sunk" costs (to which no objection was taken) and the "attributed costs" (which was a very serious matter). Moreover, these attributed costs might be updated to the present worth of the construction (as had been intimated at the Chicago meeting).

On the first point, the U.S. Section had conceded that the "base system" should no longer provide a reservation of a theoretical amount of storage to be allocated to some of their "Major Water Plan" projects by this selection. Under the revised proposal the "base system" would include only actual storages existing or under construction at the time of negotiation of the agreement. This represents a considerable advance from the Canadian point of view. However, instead of agreeing to the Canadian view that each individual project should be evaluated by the "with and without" method as it is added to the base system, the U.S. Section was holding out for the addition of blocks of Canadian and U.S. projects which would include some of those which the Corps of Engineers would like to build. Such a method would dilute the value of the key Canadian projects involved and hence reduce the amount of benefits returned to Canada. This provision opens the way for certain named U.S. storages to be included on the basis of the sovereignty provision in general principle No. 1. The storage value of each project in the block would be the average value of the block.

This provision is tolerable if the negotiators are thoroughly knowledgeable, skilled in the art of negotiation and backed by expert advice. It is essential for B.C. and Canada to have the best possible technical studies. These studies would cost money but the cost to Canada would be even greater if they were not made.

On the second point, the principle of the division of net benefits was used by the U.S. agencies, in particular the Corps of Engineers, as a means to minimize the use of Canadian storage. The truth is that the Corps of Engineers would prefer to construct uneconomic U.S. projects themselves rather than have Canadian interests construct economic projects, even though the latter would result in greater tangible benefits to the United States. In appealing to the intellectual honesty of those Canadians who recognize the validity of the "netting" principle, the U.S. agencies are seeking to use that principle as a means of having their own less economic projects considered and of having included, as cost factors in the calculation of benefits, past U.S. costs which should be entirely irrelevant to the issue. If the U.S. were brought to concede that in this case the costs on each side are approximately equal and that the division of gross benefits, with each country assuming its own costs, would be an equitable arrangement, it would be much more difficult for the U.S. to justify the construction of U.S. projects of lower benefit-cost ratio in advance of the construction of key Canadian projects. Being aware, apparently, that "netting" commends itself to some interested Canadians as a principle, they were able to obtain the support of one of the Canadian commissioners who shares the view of several Canadian economists on this point. "Netting" therefore remains as Power Principle No. 6.

Under Article VIII of the Boundary Waters Treaty, only one Canadian commissioner has to vote with the Americans to carry a point in the I.J.C. Each commissioner votes according to the dictates of his conscience.

Even though Power Principle No. 6 recognizes that gross benefits can be divided "when costs in each country are approximately equal," the U.S. Section has never admitted that they *are* equal. Therefore, the door is still open for the inclusion of U.S. attributed costs. What is required is for the Canadian Commissioners to recognize the political realities of the situation in the broad sense of the word "political." The division of net benefits is a sound principle, considered in the abstract within a single economic domain. But this is not the situation in the Columbia: here, the use of this principle could be disastrous. The responsible ministers of the B.C. and federal governments have declared themselves to be opposed to "netting." Before a

final position is taken against this view advisers to the governments of B.C. and Canada should be very certain that they are right.

The Chairman, Canadian Section is convinced that the enormous benefits to both Canada and the United States which can come from co-operative development cannot in the circumstances be achieved by a strict application of the "netting" principle. This is a fine principle, but just does not belong in this case. He welcomes an early opportunity to subject his point of view to the cross-examination of the economists.

To send our negotiators in without a definition of the costs to be included in an agreement would be unfortunate. Attributed costs must be ruled out in advance or the negotiators' hands will, in effect, be tied.

In addition to the questions discussed above, the I.J.C. has also agreed on principles for trans-boundary projects and electrical interconnection. These seem to be tolerable.

ACTION

2. *The Committee* agreed that a meeting of the Cabinet Committee on Columbia River Problems during the week of November 8 would be necessary.[299] The Ministers would be given a resume of the new points resulting from that meeting and would be informed that this was the best deal obtainable at Niagara. Although the terms of the draft principles were not final, the Ministers might consider them in the present form.

EXTERNAL AFFAIRS PAPER — DOCUMENT W. 54†

3. *It was agreed* that External Affairs should prepare a shorter document setting forth the essentials for the use of the ministers. Mr. Hurst's paper commenting on Document W.54 was also briefly considered. *Several members* believed that the paper contained some very good points but they could not agree with the basic premise that a treaty would not be required. They stated that a treaty would be necessary to protect Canada's future interests. It was impossible to predict, however, how long treaty negotiations would take but it was evident that the longer the actual development was delayed, the less advantage Canada would obtain from it. While it would not be necessary for a treaty to provide for every detail (since this could go into the operating agreement between the entities), the agreement between entities would have to be enforceable. This would be possible if such an agreement were based on an International Treaty. *General McNaughton* said that the essentials for a treaty could be found in Neuberger's Bill and in the Bonneville Power Administration Act of the U.S. Congress. *Some members* said it was imperative to have the power principles in the treaty.

PAPER ON FINANCING AND ORGANIZATION — DOCUMENT W. 55†

4. *Some members* said that the paper had not taken into consideration statements by various ministers committing the federal government to participate in Columbia River development. They cited e.g. the Speech from the Throne of October, 1959. They said it was desirable to review all the statements of this sort made by the various ministers. On the other hand, a recent letter from Mr. Fleming to Mr. Hamilton (read by the Secretary) indicated Mr. Fleming's support for the basic premise of Document W. 55, namely, that there was no real case for federal financial participation. The *Committee* agreed thereupon that the subcommittee which had prepared W. 55 should revise and modify it

[299] Il ne semble pas y avoir eu de réunion du comité du Cabinet pour discuter des problèmes relatifs du fleuve Columbia avant le 24 novembre 1959. Voir le document suivant.
No meeting of the Cabinet Committee on Columbia River Problems appears to have been held until November 24, 1959. See the next document.

(a) to indicate how far the government already seems to be committed to participation;

(b) to show how the entity should be set up in such a way that the federal government can withdraw when its investment has been repaid.

. . .

274. PCO/W-10-9-M

Procès-verbal de la réunion du Comité consultative sur la politique relative à l'utilisation de l'eau

Minutes of Meeting of Advisory Committee on Water Use Policy

CONFIDENTIAL [Ottawa], November 24, 1959

Members Present

Mr. R.B. Bryce, Clerk of the Privy Council
Mr. R.G. Robertson, Deputy Minister of Northern Affairs and National Resources
Mr. E.A. Ritchie, Department of External Affairs
Mr. J.H. Cleveland, Department of External Affairs
General A.G.L. McNaughton, Chairman, Canadian Section, International Joint Commission
Mr. J.L. MacCallum, International Joint Commission
Mr. E.R. Peterson, International Joint Commission
Mr. A.F.W. Plumptre, Department of Finance
Mr. R.G. Robertson, Deputy Minister of Northern Affairs and National Resources
Mr. E.A. Côté, Department of Northern Affairs and National Resources
Mr. T.M. Patterson, Department of Northern Affairs and National Resources
Mr. K. Kristjanson, Department of Northern Affairs and National Resources.

1. The latest I.J.C. draft of principles for determining and apportioning downstream benefits, dated October 31, 1959, had been carefully reviewed by the Advisory Committee on Water Use Policy. After hearing from General McNaughton, the Advisory Committee had appointed a special work group under Mr. Plumptre to study Power Principles 3 and 6. This group represented several interested departments and the Canadian Section, I.J.C. After considering the work group's report and additional representations from General McNaughton, the Advisory Committee had concluded that:

(a) with the exception of Power Principles 3 and 6, the draft was acceptable as it read;

(b) on Power Principle 3, if the base period was set at January 29, 1959 (the date of the identical Canadian and U.S. government letters to the I.J.C. requesting a report on principles), and if the initial block of storage was not too large, this would be a satisfactory arrangement; in addition, the wording should be such as to allow one block to consist of a single project;

(c) in accordance with a suggestion from General McNaughton, certain modifications could be made in the wording of Power Principle 6 to make it clear that attributed costs would be excluded; if, as General McNaughton had thought, it might be possible to go back to the I.J.C. and achieve such a wording, Power Principle 6 would be satisfactory and could be recommended to the Government.

2. The Cabinet Committee agreed that two approaches were possible:

(a) to try to achieve the wording on Power Principle 6 recommended by the Advisory Committee; or

(b) to suggest that the Chairman, Canadian Section, I.J.C. try to persuade his Canadian and U.S. colleagues to adopt the grossing method of apportionment.

3. It was recalled that the Policy Liaison Committee had previously agreed on the grossing method. General McNaughton stated that in his view the netting principle was very dangerous for Canada, whose present interest in a share of the downstream benefits was only as a salvage operation: the real aim was still the ultimate diversion to the Fraser River Basin. He thought that he should take a strong stand in the I.J.C. in favour of the grossing method.

4. Senior government officials present stood by their view as expressed in the Advisory Committee. They thought that the rest of the Commissioners on the I.J.C. favoured the principles as now worded. Time appeared to them to be important and it would be preferable to build on the area of agreement already reached rather than to take a new stand. If attributed costs could be kept out, the principle as now worded would be to Canada's advantage. The argument appeared to hinge largely on Canada's ability to bargain to keep the attributed costs out.

5. The Cabinet Committee concluded that it was preferable to leave General McNaughton free to negotiate in the Commission as he saw fit. General McNaughton had recognized the preference of federal and B.C. ministers for the grossing method and he was ready to fight down the line for that method. General McNaughton should now be encouraged to try to persuade his colleagues to go for the grossing procedure.

6. The Cabinet Commission heard reports on discussions with officials in British Columbia. It appeared that the private interests promoting the Peace River power scheme expected the delays on the Columbia to be such that the Peace River development would have power on the line by 1967. Until that time B.C. Electric's hydro and thermal production would serve the lower mainland load. One official of the B.C. Power Commission had also recognized the Peace River scheme to be a threat.

7. The Committee discussed the need for considering a draft treaty prepared by the Department of External Affairs. After considering the matter in relation to the current I.J.C. work on preparing principles for downstream benefits, the Committee directed the Department of External Affairs to distribute their draft to other interested departments. Later it would be decided whether it would be timely to refer such a draft to the B.C. government.

8. The Committee discussed the type of entity required for development of the Columbia in Canada. The ministers agreed that the province should make proposals for the federal government to consider. The B.C. ministers on the Policy Liaison Committee had agreed on September 29th to consider the question. The federal government should now ask them what they had done in this regard and what their intentions were.

9. The meeting adjourned at 11.00 p.m.

K. KRISTJANSON
SECRETARY

275. DEA/5724-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 7, 1959

MEETING AT VICTORIA ON THE COLUMBIA BASIN DEVELOPMENT

The meeting which lasted all day Friday,[300] was quite successful.

2. First, the two governments agreed at the outset to advise General McNaughton that the report of the IJC should embody the "grossing" principle. This basic point being established, a number of other related issues could be disposed of more easily. Until the last minute, however, the "netters" did their best to salvage their solution and Kristjanson, on the morning of the meeting, was arguing that the BC authorities were prepared to accept principle No. 6 as outlined in the last IJC draft report. In fact, the BC team expected the Federal group to go for netting, and they were quite surprised that there was to be no argument on the issue of "netting" vs "grossing." They were prepared for a long battle and had even worked out a compromise formula.

3. A revised comment to accompany principle No. 6 was considered in detail: it is meant to explain why both governments prefer "grossing" and to persuade Mr. Stevens to go along. Mr. Plumptre, who has had conversations with Mr. Stevens, is hopeful that he (Mr. Stevens) may accept this statement. In brief, the argument is that (a) as between two sovereign entities it is not desirable to apply a principle which might be satisfactory for public utilities agencies in the same country and (b) the authorities concerned are honestly divided as to what the costs are likely to be; it is possible that for a while they may be larger in one or in the other country, and that over the years this may be reversed. In the interests of speed and simplicity, both governments are prepared to accept a simple arrangement which holds the promise of cheap power in large quantities.

4. The second major decision was related to general principle No. 3 concerning transboundary projects. It was agreed that for such particular schemes as require approval of the IJC or special agreements under article 4 of the 1909 Treaty, downstream benefits will be determined and divided as may be satisfactory to the two governments. This arrangement in effect postpones the issue. The advocates of Libby may not oppose the IJC report because they may raise the problem when the negotiations begin. The problem may be that General McNaughton's colleagues on the IJC may not be prepared to alter their position both as to grossing and as to transboundary projects. Insofar as BC is concerned, the provincial ministers took the line that it was possible that the United States might be prepared to offer attractive terms about Libby, but, in their view, it might not be desirable for us to show our hand at this stage.

5. The rest of the day was devoted to a detailed discussion of the various suggestions made by the Technical Liaison Committee. Messrs. Cleveland and Kingstone remained in Victoria to cooperate with BC officials in preparing comments for the IJC in the light of the instructions given by ministers.

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[300] Il s'agit de la réunion du 4 décembre 1959 du Comité de liaison Canada-Colombie-Britannique concernant la politique, qui a porté sur le fleuve Columbia.
This was the December 4, 1959 meeting of the Canada-British Columbia Policy Liaison Committee on the Columbia River.

6. The third major decision was that the draft treaty prepared in Ottawa should not be distributed. The Minister said that the draft now available should be revised. He did not indicate how or why. We are under the impression that General McNaughton took exception to the article concerning Libby and that he persuaded the Minister to reconsider his position on this problem. The Minister did, however, tell the BC representatives that a draft treaty was available and that he hoped to let them have a revised copy in about a week.

7. You may have noted in the newspaper a statement by the Minister that the Federal Government will contribute to the financing of the Columbia development in Canada to the extent of 50%. This statement was made to the press and elicited from the Premier of British Columbia the comment that no formal offer had been made yet to the BC Government. I assume that this is an aspect of the problem which will now be given consideration by the Government at a fairly early date. Before negotiations can begin with the United States, the BC authorities will wish to know exactly what kind of financial assistance may be expected from the Federal Government.

8. The Federal Ministers invited their BC colleagues to consider what they proposed to do as to the agency which will implement the agreement on the Canadian side and as to whom they will wish to appoint as a member of the Canadian team of negotiators when the IJC report is available.

9. All told, the meeting was friendly and useful, but it is clear that there is still a great deal of work to be done before an agreement can be signed. When the principles are available, there is much engineering work in prospect and the BC government seem to have no clear ideas yet as to the agency to be established. Furthermore, the agreement between British Columbia and Canada has to be worked out. And last but not least, we must undertake negotiations with the United States!

10. The immediate problem is therefore whether General McNaughton will be able to achieve unanimity on the Canadian side among the Commissioners. I gather that he has discussed this matter with the Minister, who is inclined not to extend Mr. Stevens' term of office if he will not go along with "grossing" and that General McNaughton may use this as a threat to induce Mr. Stevens to accept the approach now agreed to between the two governments. This is a dangerous approach. It is not certain that Mr. Stevens wishes to be continued in office and pressure tactics may backfire. It seems to me that it might be preferable to attempt to persuade Mr. Stevens to go along. In the end, this may be less unpleasant than a resignation which will emphasize dissent even more clearly and leave the Government open to the additional charge of interference with the Commissioners in their quasi-judicial operations. The same difficulties may arise should it be decided at this critical stage not to continue Mr. Stevens in office. I believe that the Minister should be urged not to encourage General McNaughton in thinking that he can use Government instructions and threats as to non-continuation in office as a club against his colleagues on the Commission. The more moderate approach may in fact have the effect of facilitating agreement.

11. Unless Mr. Stevens can be persuaded to go along, it is likely that the US Commissioners may not be prepared to switch to grossing at this stage and a divided report would create serious difficulties when the time comes to obtain Parliamentary and Congressional approval for a treaty. Mr. Stevens' position is therefore crucial at this stage and it seems most desirable to sway rather than to force his judgment.

12. Another point occurs to me. If it is decided that General McNaughton will be one of the main negotiators, I wonder whether the United States will not feel bound to appoint one of their Commissioners to cope with the General. The Corps of Engineers and the other agencies who know General McNaughton's views and who do not agree with them will also agitate to be represented on the US team and in the end, both governments will have just another round of

IJC discussions, and possibly a deadlock. If the Minister's idea is to gain time, General McNaughton may not be the ideal choice as one of the main negotiators. I need hardly add that if he is allowed a free hand as to diversion, the prospects of early agreement will then be even more remote.

M. CADIEUX

276. DEA/5724-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 22, 1959

COLUMBIA RIVER

Attached is a copy of the draft final report† on principles for determining and apportioning benefits from co-operative development of the Columbia River as prepared at the meeting of the International Joint Commission in Washington on December 16, 1959. It is subject to editorial change but we understand that the Commission expects to approve it for transmittal to governments by the end of the month.

Also attached is a copy of a letter from General McNaughton to Mr. Alvin Hamilton,† stating that the draft report as it now stands takes fully into account and reflects the substance of the Canadian Agency comments on the October 31 draft of principles. The minutes of the meeting of the Canada-B.C. Policy Liaison Committee held in Victoria on December 4 including these comments are attached.†

A brief summary of the final draft of the Report where it differs from the December 4 comments of the Policy Liaison Committee follows:

General Principle No. 2

This principle, which provides that co-operative development should result in benefits or savings in cost to each country as compared with alternatives available to each country, has been shortened by deletion of the last two-and-a-half lines which read as follows:

"And the cost to each country for such co-operative development should not exceed the corresponding benefits which each may be expected to realize therefrom."

As previously drafted this principle was acceptable to the Policy Liaison Committee and it would seem equally acceptable as revised.

General Principle No. 3 (Trans-Boundary project)

This principle now reads as follows:

"With respect to trans-boundary projects in the Columbia Basin, which are subject to the provisions of Article IV of the Boundary Waters Treaty of 1909, the entitlement of each country *to participate in the development and* to share in the downstream benefits resulting from storage, and in power generated at site, should be determined by crediting to each country such portion of the storage capacity and head potential of the project as may be mutually agreed."

The rewording suggested by the Policy Liaison Committee was accepted with the addition of the phrase underlined above. It might be argued that the meaning of the addition is that the Canadian share of benefits from a trans-boundary project would be in direct relationship to the

financial participation of Canada. However, the principle as rewritten seems to provide the flexibility for negotiation considered necessary by the Canadian authorities concerned and this would appear to be borne out by the following discussion which appears in the Report:

> "The "entitlements" determined in accordance with this principle provide a basis for establishing benefit credits. The principle is designed to provide flexibility in the arrangements between the two countries for co-operation on trans-boundary projects. The entitlement of a country computed in accordance with this principle would be the basis for determining the share of downstream benefits due that country in accordance with the other principles presented in this report for projects wholly in one country."

Power Principle No. 3 (Determination of power benefits and storage credits)

This principle embodies the "with and without" concept for determining the power benefit in the United States resulting from the regulation of flow by storage in Canada. It also seeks to provide a basis for determining the storage credit position of upstream storage by relating it to an agreed base system. In the October 31 draft the discussion of this principle introduced a concept of storage blocks which the Policy Liaison Committee recommended should be removed and replaced by a reference to a base system consisting of all storage existing or under construction as of January 29, 1959.

This has been largely achieved in the redraft of the discussion which suggests "that negotiations undertaken in the near future utilize as a base system the developments existing and under construction on January 29, 1959." A list of the relevant storage developments, which provide a base storage of 13.03 million acre feet, is given. The discussion suggests that the credit position of storages added to this base should be determined by negotiation. It also suggests that if negotiations are undertaken or continued at a time when major changes have occurred a revised base system should be agreed upon. This limitation underlines the importance of avoiding delay in the negotiations and of recognizing the direct relationship between a Canadian commitment to storage capacity and the credit position accorded that storage capacity. We are informed by General McNaughton that he has claimed in discussion with his colleagues that Canada should receive credit for the next 18 million acre feet of storage.

Power Principle No. 4 (method of expressing downstream power benefits)

The Policy Liaison Committee suggested a preference for the deletion of the word "usable" in the phrase "in the increase in average annual usable hydro-electric energy output" on the grounds that its meaning was not clear. In the attached revision "usable" has been retained and the following additional sentence added to the principle to illustrate the method of calculation implied by this word:

> "Since this procedure requires relating the increased power production to the loads to be met in the downstream country and adjustment of the upstream country's entitlement to conform more nearly to its load requirements, consideration might be given in the negotiations to the adoption of arrangements that would be less dependent upon consideration of the load patterns in each country."

The full meaning of this addition and changes to the discussion is not clear. It does, however, raise the question of what return the United States should make when a thermal base changes the role of storage in the system.

Power Principle No. 6 (Sharing of benefits)

You will recall that the Policy Liaison Committee suggested a rewording of this important principle to make it clear that gross benefits should be shared. To this suggested rewording the Commission has added references to General Principle No. 2 in order to suggest that if the

grossing principle did not result in an advantage to each country, some other method of dividing benefits should be negotiated. The revised text is as follows:

"The power benefits determined to result in the downstream country from regulation of flow by storage in the upstream country should be shared on a basis such that the benefit, in power, to each country will be substantially equal, provided that such sharing would result in an advantage to each country as compared with alternatives available to that country, as contemplated in General Principle No. 2. Each country should assume responsibility for providing that part of the facilities needed for the co-operative development that is located within its own territory. Where such sharing would not result in an advantage to each country as contemplated in General Principle No. 2, there should be negotiated and agreed upon such other division of benefits or other adjustments as would be equitable to both countries to make the co-operative development feasible."

The Commission did not accept the revised discussion suggested by the Policy Liaison Committee but substituted two short paragraphs which do not refer to the question of how benefits should be shared. Instead the discussion is confined almost exclusively to suggestions for the method of delivering downstream power to Canada at the expense of the United States, less line loss. This would seem acceptable since the Policy Liaison Committee did not expect its proposed discussion to be reproduced in the Commission's report.

With regard to the last sentence of the principle it is possible that the U.S. Corps of Engineers would consider that there was no advantage to the United States unless the benefits exceeded their costs, including attributable costs and transmission to the boundary. In short, it might be that the United States would be in a deficit position if only such a project as High Arrow Dam were included at the time of calculation. On the other hand, if all Canadian storage projects were included, presumably there would be an overall benefit in the United States large enough to overcome inflated United States costs. With respect to the development of the waters of the Kootenay River, the question might be raised whether the alternative of diversion to the Columbia River is legally "available" to Canada. However, as redrafted the principle does give priority to the Canadian concept of sharing gross benefits 50-50 and would therefore seem acceptable for purposes of negotiation.

Flood Control Principle No. 4

The October 31 draft of Flood Control Principle No. 4 read as follows:

"The upstream country should be paid one-half of the benefits as measured in Flood Control Principle No. 3, i.e., one-half of the value of the damages prevented, provided that, if this amount exceeds the estimated cost of alternative means available in the downstream country to accomplish similar flood control results, the payment to the upstream country should not exceed the estimated alternative cost."

The Policy Liaison Committee had suggested that this proviso seemed redundant since the U.S. would probably have provided flood control if it could have done so for less than half the value of the damages prevented.

The Commission retained only the first part of the original draft of this principle, i.e.:

"The upstream country should be paid one-half of the benefits as measured in Flood Control Principle No. 3, i.e., one-half of the value of the damages prevented."

The balance of the original draft is dealt with in the discussion in the following manner:

"In the event that application of this principle should indicate a payment to the upstream country greater than the estimated cost of alternative means of obtaining equivalent flood control in the United States the requirement of General Principle No. 2 that there should be

an advantage as compared with available alternatives would not be satisfied and consideration should be given to this circumstance in the negotiations."

However, since it is anticipated that the determination of a cash payment to Canada in return for flood control benefits resulting from storage constructed in Canada will have to be negotiated this principle and discussion would seem to be acceptable.

In conclusion, it would seem that the principles as redrafted, and the supporting discussion in the draft final report, do meet the essential points made by the Policy Liaison Committee and are sufficiently flexible to be used as the basis for negotiation of a Columbia Treaty with the United States.

N.A. R[OBERTSON]

277. DEA/5724-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 23, 1959

TRANSMITTAL OF COLUMBIA TREATY TO B.C. GOVERNMENT

Developments since your departure for Paris suggest the advisability of revising the documents submitted to you for your consideration on the day before you left for Paris.

In the first place, we have obtained an unofficial version of the final draft of I.J.C. Principles agreed to at the Commission's meeting in Washington December 14-16 (copy attached).† It is expected that the final report will be transmitted to governments by the end of the year. This would seem to clear the way for the Canada-B.C. Technical Liaison Committee to proceed with its function of formulating a desirable plan of development of the Columbia River that could be mutually supported by Canada and British Columbia in any international negotiations. It will be recalled in this connection that it was indicated at the recent intergovernmental meeting at Victoria that the Technical Committee could not complete this task until the I.J.C. Principles were received.

Secondly, in the informal talks which Mr. Cleveland had with State Department officials when he was in Washington on December 11, it was made clear that the State Department is in favour of having the complete plan for the development of the Columbia River Basin spelled out in the treaty. Mr. Cleveland formed the opinion that a treaty drafted on this basis rather than on the basis which would put off to some time in the future decisions on specific projects, would stand a much better chance of overcoming the strong opposition which is expected to be given to the treaty when it is presented to the United States Senate.

These two developments suggest that the letter to Mr. Bonner should be redrafted so as to

(a) urge the importance of having the Technical Liaison Committee complete, on a top priority basis, the formulation of a desirable plan of development for the Columbia River; and

(b) present the B.C. Government with as definite a draft treaty as possible in terms which would meet both Canadian and U.S. interests.

The draft treaty submitted to you before you left for Paris represented a compromise between a treaty which would contain the main elements of a specific plan for cooperative development and an enabling type treaty which would delegate to the operating entities authority to negotiate the conditions under which storages would be built, with such conditions

being formulated on the basis of the principles recommended by the I.J.C. This compromise was developed in discussion with officials of other departments concerned.

We would appreciate receiving your instructions whether a "package deal" draft should be submitted to the British Columbia Government or whether the "compromise" formula should be retained.

The new developments suggest that there is an increasingly pressing need for the Canadian Government to be in a position, if necessary, to place before the British Columbia Government a definite proposal. There is a choice between submitting to the Government of British Columbia definite proposals or inviting B.C. to put forward its proposal, which was the line taken in the original draft letter and supporting documents to Mr. Bonner which I submitted to you; this latter alternative leaves the door wide open to many delays (such as those which would be involved in the likely event that the British Columbia Government would shy away from making its own proposals).

No attempt has been made to discuss the revised "package deal" draft treaty and commentary with officials of the other departments concerned and indeed, it might be difficult to put forward any definite proposal such as is contained in this revision, which would reflect the views of all departments. The question, however, does arise as to whether this attempt should be made before you write to Mr. Bonner.

You will appreciate that in the course of discussions with other departments questions relating to financial arrangements will be raised and the views expressed may involve clearance with the Ministers concerned. Before proceeding further in this regard we would appreciate securing confirmation that it is your desire that such discussions should be undertaken.

Furthermore, the question of Libby is bound to be discussed and as you know, the prospect of an agreed official recommendation on this issue is not good. You are familiar with the views of General McNaughton on diversion and I am not sure that he will be prepared to accept the flexible approach of the B.C. authorities. Your guidance on this problem would be appreciated.

If you prefer the alternative approach envisaged in this memorandum, perhaps you would like to send to Mr. Bonner (either with or without prior consultation with the other departments) a letter along the lines of the attached draft.†

It also seems important to have the Technical Liaison Committee at the federal level reminded of the urgency of completing their studies for the formulation of a desirable plan of development of the Columbia River, and attached for your signature, if you approve, is a letter to the Minister of Northern Affairs and National Resources for this purpose.

N.A. R[OBERTSON]

278. DEA/5724-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 24, 1959

COLUMBIA RIVER

Attached for your signature, if you agree, are the following:

(a) A letter to Mr. Bonner transmitting to him copies of the revised draft treaty and the commentary on the draft treaty. This letter also informs him concerning plans to commence negotiations with the United States in January;

(b) A letter to Mr. Hamilton† advising him of the action taken. This letter also suggests the urgent need for securing reasonably precise data on the projects envisaged in the draft treaty;

(c) A letter to Mr. Fulton† bringing him up to date on these developments.[301]

The revised draft treaty proposes a "package deal" in line with your instructions and this draft was discussed with General McNaughton who has indicated that he is in agreement with it. The commentary has not been discussed with General McNaughton but I think it would be useful to send it to Mr. Bonner for his additional information.

If you agree with the action proposed in this memorandum, it is assumed that it will be in order for me to have the draft treaty and commentary on the draft treaty circulated to members of the Advisory Committee on Water Use Policy with a brief covering note, outlining the action that has been taken.[302]

N.A. R[OBERTSON]

279. DEA/5724-2-40

Le secrétaire d'État aux Affaires extérieures au procureur général de la Colombie britannique

Secretary of State for External Affairs to Attorney General of British Columbia

CONFIDENTIAL Ottawa, December 24, 1959

Dear Bob [Bonner],

The formal report of the I.J.C. containing its recommendations as to the principles to be applied in the determination and apportionment of benefits from the cooperative use of storage of waters and electric interconnection within the Columbia River system is expected to be forwarded by the Commission to governments within the course of the next few days. It is understood that this report will take into account the views expressed at our recent meeting in Victoria.

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[301] Note marginale :/Marginal note:
3 letters signed by SSEA 23/12/59 & sent 23/12/59. [auteur inconnu/author unknown]

[302] Note marginale :/Marginal note:
OK H. G[reen]

Attached are copies of a draft Columbia treaty and a commentary on the draft treaty, which have been prepared on the assumption that the I.J.C. report will take this form.

I think you will agree that the draft treaty constitutes a good basis for commencing negotiations with the United States. Plans are being laid to start these negotiations in the early part of January 1960. In this connection it would be most helpful if you would indicate to me the name of the person who is to be selected to represent the Government of British Columbia on the Canadian negotiating team.

With kind personal regards,

Yours sincerely,
HOWARD GREEN

[PIÈCE JOINTE 1/ENCLOSURE 1]

Projet d'un traité entre le Canada et les États-Unis sur l'aménagement coopératif du bassin du fleuve Columbia

Draft Treaty Between Canada and the United States Concerning the Cooperative Development of Columbia River Basin

CONFIDENTIAL [Ottawa], December 23, 1959

PREAMBLE

Canada and the United States of America, desiring to cooperate in making further use of the waters of the Columbia River Basin, and

Recognizing that by cooperation in the use of these waters great benefits can be obtained for the advantage of both countries, especially in an increased supply of hydro-electric power and in flood control, and

Realizing that each country is able to contribute towards the creation of these benefits great natural resources and the works to control and use them, and

Taking account of the fact that the advantages to their two peoples from the use of these resources can be secured to them through cooperative development under a comprehensive plan based on full recognition of the mutual interests involved, and

Considering that such development has been found feasible as a result of the extensive studies which have been made by the International Joint Commission, established pursuant to the provisions of the Boundary Waters Treaty of 1909,

Have resolved to conclude a treaty in furtherance of these ends and for that purpose have agreed as follows:

Article I — Plan of Development by Canada

1. Canada undertakes without cost to the United States of America to prepare at once plans for and immediately upon the completion of such plans to construct without delay the necessary works in order to provide usable storage on the main stem of the Columbia River in an amount not less than 11.8 million acre feet, and to provide usable storage on the head waters of the Columbia and Kootenay Rivers in an amount not less than 4.8 million acre feet.

2. Canada shall operate the storage provided for in paragraph 1 of this article in accordance with such an assured plan of operation as shall be agreed upon from time to time with the United States of America. Such an assured plan of operation shall take into account the need of regulation for the purpose of both hydro-electric power and flood control.

Article II — Plan of Development by the United States of America

The United States of America undertakes without cost to Canada to use present existing generating facilities and to provide future construction in such a manner as to make optimum use of the water released by Canada in regulated flow commensurate with the amount of storage provided under Article I of this treaty for the benefit of both countries.

Article III — Determination of Power Benefits

1. The amount of power benefits considered to result in the United States of America from regulation of flow by storage in Canada shall be determined in advance by computing the difference between the amount of hydro-electric power that would be produced at the plants in the United States with the storage regulation and the amount that would be produced without such regulation. This determination shall be made on the assumption that the storage provided in Canada under the terms of this treaty has been added to the Columbia River Basin immediately after the base system set out in Annex I, for the purpose of establishing the relative storage credit position among the various storages in the Basin.

2. The amount of power benefits determined to result in the United States from regulation of flow by storage in Canada shall normally be expressed as the increase in dependable hydro-electric capacity in kilowatts under an agreed upon critical stream flow condition and the increase in average annual usable hydro-electric energy output in kilowatt hours on the basis of an agreed upon period of stream flow record.

Article IV — Division of Power Benefits

Of the benefits in power which have been determined to arise in the United States of America in accordance with Article III hereof, one-half shall be credited to Canada and, less line loss, shall be delivered without cost to Canada at the international boundary near the Town of Oliver in the Province of British Columbia, or at such other place as may from time to time be agreed upon between the parties to the treaty.

Article V — Compensation for Flood Control Benefits

Compensation for the flood control benefits provided under the terms of this treaty for the period of years from the date on which this treaty comes into effect, arising in the United States of America in consequence of the operation of storage works provided by Canada pursuant to Article I, shall be paid to Canada in a lump sum when the works actually become operational. The amount thus to be paid shall be ($_____ United States funds in terms of 1959 dollars).

Article VI — Kootenay River Development

1. Within ten years from the date of this agreement Canada shall begin construction of works on the Kootenay River at its own expense for the purpose of creating a common storage reservoir for the head waters of the Columbia and Kootenay Rivers. Canada shall operate the reservoir in accordance with a plan of operation agreed upon between the parties which shall be designed to achieve the following objectives:

(a) to maintain a minimum flow of 1,000 cu. ft. per second across the international boundary into the United States of America;

(b) to afford protection from damages by flood to riparians in the Valley of the Kootenay River;

(c) to re-direct a portion of the flow of the Kootenay River down the Columbia River in order to take advantage of the power-producing potentials of additional usable head.

2. In order to provide hydro-electric power for the adjacent area in the United States of America, Canada shall offer for sale to the United States _____ million kilowatt hours of firm power per annum at a concessional rate of _____ mills per kilowatt hour from the date of coming into operation of the hydro-electric works on the Kootenay River until the date of termination of this treaty.

Article VII — Operating Agreement

Each of the parties to this treaty shall designate an entity for the purpose of concluding and carrying out an operating agreement containing such provisions and detailed arrangements as may be necessary to implement the terms of this treaty. The principal matters for which provision may have to be made in the operating agreement consist of the following:

(a) The formulation of an assured plan of operation of the storage being provided by Canada;

(b) The calculation of the amount and kind of power benefits considered to result from the implementation of the terms of the treaty;

(c) The review at intervals of five years or more frequently as may be agreed of the calculation in paragraph (b);

(d) Arrangements with respect to the power transmitted across the international boundary;

(e) The periodic settlement of accounts;

(f) Extraordinary measures for flood control.

Article VIII — Future Development

Future cooperative development of the use of the waters of the Columbia River Basin, including additional inter-connection and coordination of electrical power systems and additional storage in Canada, shall be in accord with the terms of this treaty.

Article IX — Exchange of Notes Required for Subsidiary Agreements

Any agreement concluded under the provisions or under the authority of any article of this treaty shall be confirmed by an exchange of notes between the parties to this treaty.

Article X — Monitoring of Flow

The parties to this treaty agree to request the I.J.C. to monitor the flow of water in the Columbia River at the international boundary and to inform the parties whenever there is any substantial deviation from any plan of operation provided for under the terms of this treaty.

Article XI — Reversion to Status Quo

1. To the extent that any rights or the exercise of any rights may have been suspended or otherwise affected by the terms of this treaty, such rights or the exercise of such rights shall, upon the expiration or the termination of this treaty, be deemed to be fully restored and effective in the same manner as if this treaty had never come into force.

2. Neither this treaty nor anything done by virtue of this treaty shall vest any rights which would continue beyond the expiration or the termination of this treaty.

Article XII — Responsibility for Damage

Neither party to this treaty nor any agent of such party shall be responsible for injury or damage to persons or property in the territory of the other, which may be caused by any action authorized or provided for by this treaty.

Article XIII — Settlement of Disputes

1. The parties to this treaty agree to refer for decision to the International Joint Commission under Article X of the Boundary Waters Treaty of 1909 any questions or matters of difference which may arise concerning the interpretation or application of this treaty and any action taken

under the authority of this treaty. For the purposes of Article X of the Boundary Waters Treaty the ratification of this treaty shall be deemed to authorize any action taken under the terms of paragraph 1 of this article as having been done by and with the advice and consent of the Senate of the United States of America.

2. Alternatively, at the request of either party to this treaty, any questions or matters of difference shall be referred for decision to the International Court of Justice.

Article XIV — Ratification — Period of Agreement

This treaty shall be ratified and the instruments of ratification thereof exchanged at Ottawa. The treaty shall come into force from the date of the exchange of ratifications and continue in force for a period of _____ years, and thereafter until _____ years after the date of a notice in writing given by either party to this treaty of its intention to terminate, with the proviso that any such notice may be given at any time following the expiry of _____ years from the date on which the treaty takes effect.

This treaty was done in duplicate copies in the English language, each copy being equally authentic.

IN WITNESS WHEREOF the undersigned, duly authorized by their respective governments, have signed this treaty at Washington, this _____ day of 1960 and have affixed their seal.

For Canada

_____

For the United States of America

_____

ANNEX I TO DRAFT TREATY BETWEEN CANADA AND THE UNITED STATES OF AMERICA CONCERNING THE COOPERATIVE DEVELOPMENT OF THE COLUMBIA RIVER BASIN

The base system referred to in Article III — Determination of Power Benefits — of the Treaty between Canada and the United States of America concerning the cooperative development of the Columbia River Basin shall consist of the storage developments located in the Columbia River Basin existing and under construction on January 29, 1959. Specifically these storage developments consist of the following:

Project	Useable storage	
Kootenay Lake	673,000	acre-feet
Hungry Horse	2,982,000	
Flathead Lake	1,217,000	
Albeni Falls	1,153,000	
Coeur d'Alene Lake	225,000	
Grand Coulee	5,072,000	
Chelan	676,000	
Brownlee	1,034,000	
	13,032,000	acre-feet

[PIÈCE JOINTE 2/ENCLOSURE 2]

Projet d'un traité entre le Canada et les États-Unis sur l'aménagement coopératif du bassin du fleuve Columbia

Draft Treaty Between Canada and the United States Concerning the Cooperative Development of Columbia River Basin

CONFIDENTIAL [Ottawa], December 23, 1959

COMMENTARY ON DRAFT TREATY

Commentary on Article I — Plan of Development by Canada

General

Article I recites the main action to be taken by Canada in order to bring about an international agreement. The Government of Canada undertakes to build whatever works are necessary in order to create storage reservoirs from which water may be released in manner which will provide flood control and power benefits in the United States.

The amount of storage to be provided depends upon two decisions. In the first place, it is necessary to decide what storages are to be included, i.e., what dams are to be built in Canada. In the second place, it is necessary to decide, on the basis of engineering information, what capacity the resulting reservoirs would have.

Paragraph 1: The first paragraph of Article I has been drafted on the assumption that all the storages to be provided in Canada which the United States is willing to accept, is to be included in the undertaking given in the treaty. Another view which has been expressed on this matter is that such storages should be considered separately and be the subject of a separate international agreement. The disadvantage of the latter approach is that, according to our understanding of the most recent discussion in the I.J.C., credit would be given to additional storages in the order in which commitments are made for their construction (see also Article III of draft treaty and its commentary). The effect of this, of course, would be to decrease considerably the return received for the use of the Canadian storage, unless a commitment for all storages in Canada is given in the treaty.

The storage areas in Canada under consideration are as follows:

(a) The major storage would be at Mica Creek and would total approximately 12,000,000 acre feet;

(b) A reservoir on the headwaters of the Kootenay and Columbia Rivers. The storage of approximately 4,800,000 acre feet would be achieved by constructing a High Dam at Dorr just north of the international boundary on the Kootenay River and flooding up the Kootenay River across Canal Flats and down the Columbia River to Luxor. The effect of constructing such a reservoir would be to eliminate the practicability of constructing a dam at Libby in the United States and to divert a part of the flow of water from the Kootenay River into the Columbia River. The dam would also provide substantially complete flood protection to the Lower Kootenay Valley in the United States and Canada;

(c) At a later time it may be necessary to construct a regulatory dam at Murphy Creek when at-site power is developed at Mica. Any agreement required with the United States could be worked out in accordance with the terms of Article 8.

The phrase "at once" or some similar phrase should be used in order to give assurance that construction will in fact take place soon enough to effect the basic purpose of the treaty. It may be, however, that specific periods should be spelled out with respect to individual structures,

undertaking to have each one completed within a fixed number of years after the coming into force of the treaty.

Paragraph 2: I.J.C. Power Principle No. 1 states that "downstream power benefits in one country should be determined on the basis of an assured plan of operation of the storage in the other country." There would seem to be no disagreement with this statement. Indeed, an assured plan of operation of Canadian storage is one of the basic purposes for which the parties seek to enter into a treaty.

However, there can be some difference of opinion as to what should be included in the plan of operation because there can be differing interests for upstream power, downstream power and for flood control. In practice, it will be necessary for the Canadian operating entity to work out the arrangement with the United States operating entity, and we understand that it is not possible to set out now what the plan of operation will be. As a matter of fact, it will probably have to be varied from time to time as different parts of the system come into operation.

Commentary on Article II — Plan of Development by the United States of America

This article contains the basic United States undertaking, viz, to use present facilities and to construct additional facilities in order to produce an appropriate amount of power from the Canadian storage.

The article assumes that each country will bear all costs arising within its own boundaries and accordingly the phrase "without cost to Canada" has been used.

"Present existing facilities" are understood to be of a sufficient size to be able to use a large proportion of the regulated flow from additional storages in Canada with very little additional construction in the United States. The article, as at present drafted, does not specify precisely what additional facilities are to be constructed in the United States. It is understood that it would be very difficult to obtain such a commitment. However, the phrase "commensurate with the amount of storage provided under Article I of this treaty" is meant to make the word "optimum" easier of interpretation.

If the United States should fail to "make the optimum use of the water released" from storage, presumably the first recourse would be through diplomatic channels and if that failed it would be necessary to go to the International Court of Justice just as for the breach of any other treaty.

Commentary on Article III — Determination of Power Benefits

Article III explains in paragraph 1 how the power entities are to estimate the amount of power benefits resulting in the United States in consequence of the treaty.

The first sentence of paragraph 1 reproduces practically verbatim the first sentence of Power Principle No. 3 of the International Joint Commission. It embodies the "with and without" principle, i.e., a computation is made of the amount of hydro-electric power that will be produced when the regulated release of stored water from Canada takes place, and from that figure is subtracted the computation of the amount that would have been produced if there had been no such storage.

The second sentence of paragraph 1 of Article III assumes that all Canadian storage provided under the terms of the treaty will be given the first credit position for storages additional to storages in existence or under construction as of January 29, 1959, which amount to 13.03 million acre feet. It is our understanding that the discussion of I.J.C. Principle No. 3 will suggest that storages subsequent to the base system of 13.03 million acre feet of storage should be added on their merits as agreed in the course of negotiations between Canada and the United States of America.

Paragraph 2 of Article III reproduces practically verbatim the first paragraph of Power Principle No. 4 of the I.J.C. Its purpose is to make clear that the computation referred to above shall be expressed in power terms and not in terms of dollars. Furthermore, it explains that the computation shall be expressed as consisting of two components:

(a) The increase in the dependable capacity which is expressed in terms of kilowatts, i.e., a computation which shows how much power can be sold with the assurance that during the worst period of stream flow record this amount of power could in fact be produced;

(b) The increase in average annual usable hydro-electric energy output as expressed in kilowatt hours, i.e., the computation for this purpose is based upon the average amount of energy that can be produced and used under the load over the period of a year, and is based on a period of record such as 1928-48.

Commentary on Article IV — Division of Power Benefits

Article IV provides that 50 per cent of the additional power produced in the United States in consequence of cooperation shall be credited to Canada.

The article would require that all this power, subject to the estimated amount which would be lost in transmission from the place of origin to the international boundary, should be transmitted to Canada at the cost of the United States. The cost of transmission is substantial and would probably amount to approximately $4.3 million per annum when Mica Creek is added to the system. The United States may be expected to object to paying for the cost of transmission. However, it would obviously be undesirable for Canada to participate in the construction of power transmission lines within the United States. Furthermore, these transmission lines can be used by the United States for other purposes at the same time that the country is to bear the cost of construction within its own boundaries, certainly the cost of the transmission lines within the United States is a proper charge against the United States.

Delivery at or near Oliver, B.C. is, we understand, agreeable to all concerned as being the place on the boundary nearest to the centre of production in the United States and conveniently located for the purpose of the Province of British Columbia.

Commentary on Article V — Compensation for Flood Control Benefits

The purpose of Article V is to provide payment to Canada in return for the benefits which result in the United States in consequence of regulation from release of Canadian storage in the interest of flood control in the United States.

The I.J.C. draft of 31 October, 1959, states that:

> "The assured plan of operation for flood control would not be a separate plan of operation but rather a joint or composite plan of operation of a given storage project in the interests of flood control as well as for other purposes, principally power."

The report goes on to state that:

> "In the Pacific Northwest meteorological and hydrological conditions and the requirements for storage operations in the interests of power and flood control are such that little, if any, loss of ability to maximize power benefits is required to accommodate flood control."

In short, the report indicates that the flood control benefits are largely incidental to operation for the purpose of producing power benefits.

In consequence, if one proceeded on the philosophy that Canada should be compensated only for its costs, the return for flood control would be negligible. On the other hand, if one pursues the philosophy that the United States should pay Canada for the benefits received regardless of the cost to Canada, the payment of a sum of money related to the amount of damage prevented in the United States is justifiable.

Article V would provide that the amount to be paid by the United States would be stated in the treaty and would be payable as soon as the storage referred to in Article I actually became operational.

The suggestion is made that a lump sum payment should be accepted because flood control is a matter for the Federal Government in the United States, and it would be more convenient to have a fixed amount paid as soon as possible and not have to rely upon annual appropriations by Congress.

In calculating the amount of money payable to Canada for flood control benefits, I.J.C. Flood Control Principles Nos. 2, 3 and 4 could be used, i.e., the monetary value of the estimated average annual value of flood damage in the U.S.A. prevented by Canadian storage would be calculated and half of this benefit would be paid to Canada. In order to obtain payment for the full period rather than on an annual basis, the estimated annual amounts for the full period of the treaty would have to be discounted. It is for consideration whether a stipulation should be included that payment should be made in terms of constant dollars.

The view has been expressed that an undertaking to provide flood protection for the period of the treaty might result in an obligation upon Canada to provide flood protection in perpetuity. The suggestion has been made that I.J.C. Flood Control Principle No. 6 might be substituted, and the first five Flood Control Principles disregarded.

As we understand Flood Control Principle No. 6, it would mean that whenever the United States wished to have a deviation from the assured plan of operation, Canada would, upon complying, be compensated for any loss of power which might thereby be sustained and, in addition, would be paid on the basis of half the damages prevented by the operation of the storage for flood control on this particular occasion.

One of the advantages of obtaining a lump sum payment at an early date would, of course, be that this amount could be used for payment of construction costs and would to that extent reduce the amount of money that would have to be borrowed by the Canadian operating entity or by governments with a resulting decrease in pressure upon the bond market.

Commentary on Article VI — Kootenay River Development

The Dorr Dam construction with a reservoir extending north to Luxor on the Columbia River would mean that all the construction would take place in Canada and be paid for by Canada. It would also, we understand, result in the production of a large additional quantity of low-cost power within Canada. In effect, it would divert a part of the flow of water from the Kootenay River into the Columbia River, which would result in depriving the United States and Canadian downstream interests on the Kootenay River of the use of this water but would not in any way affect the downstream United States interests on the main stem of the Columbia except possibly in the matter of regulation of flow.

It might be that Canada could offer the United States flood control in the Kootenay River Valley and a block of firm power at a concessional price in return for an absence of objection on the part of the United States to the diversion of a part of the flow of the Kootenay into the Columbia River. Although Article II of the Boundary Waters Treaty of 1909 may be considered by eminent Canadian authorities to give to Canada an absolute right to divert as much of the water of the Kootenay River into the Columbia River as it sees fit, this is not the point at issue. The need is to avoid having a dispute with the United States over the meaning of Article II of the Boundary Waters Treaty and at the same time arranging to have the diversion of water take place. Proposed Article XI of the Treaty is intended, among other things, to ensure that anything done under such an arrangement would be without prejudice to the positions of the parties under Article II of the Boundary Waters Treaty and under international law.

Whether this alternative would be at all acceptable to the United States is not known. Certainly there are strong political commitments to the construction of Libby Dam, and the United States Army Corps of Engineers is eagerly promoting its construction. It must be assumed that the advocates of Libby Dam would realize that once the Dorr Dam had been constructed, it would be most unlikely that Libby Dam would ever be given further serious consideration even after the expiry of the treaty.

Commentary on Article VII — Operating Agreement

The purpose of this article is to emphasize that detailed arrangements will have to be entered into for the purpose of implementation the terms of the treaty, it being understood that such detailed arrangements would take the form of an operating agreement.

It is considered important to list the principal matters concerning which detailed arrangements may be required so as to give a concrete indication as to what is intended to be covered by the operating agreement. The present list will no doubt require amendment when more information is available concerning the form of the entities.

Commentary on Article VIII — Future Development

The main articles of the draft treaty and particularly Articles I, II, III and V are based on the assumption that Canada will commit itself to the construction of sufficient storage during negotiations with the U.S. to achieve the maximum return from downstream benefits for the life of the treaty. However, future mutually advantageous developments which may or may not be foreseeable at this time should not be ruled out. This is the purpose of Article VIII.

Specific reference is made to the possibility of additional interconnection and coordination of electrical power systems; additional, that is, to the interconnection provided for under Article IV which provides for the delivery of power to Canada by the U.S.A. I.J.C. Power Principle No. 7 refers to this possibility but does not suggest how the benefits arising from such coordination should be shared. It seems sufficient therefore to provide that any future cooperative development should be in accord with the terms of the treaty.

Commentary on Article IX — Exchange of Notes Required for Subsidiary Agreements

The purpose of this article is to make clear that any agreement entered into under the authority of the treaty shall have the status of an international agreement.

It is anticipated that the subsidiary agreements will give the entities who will be entering into them adequate latitude to make minor or technical changes without it being necessary to invoke the exchange of notes procedure. If this is done the exact amending powers vested in the entities for this purpose would be specifically spelled out in the agreements concerned.

Commentary on Article X — Monitoring of Flow

The purpose of this article is to provide machinery which cannot be challenged by either the United States or Canada for ensuring that any plan of operation developed for regulating Canadian storage is being operated in the manner agreed upon under the authority of the treaty.

The I.J.C. would be assuming this responsibility as a special assignment which would not have any reference to any particular article of the Boundary Waters Treaty of 1909.

Commentary on Article XI — Reversion to Status Quo

The purpose of this article is to make clear that once the treaty is terminated or expires, a complete reversion to the legal *status quo* which existed prior to the treaty coming into force takes place. This would mean that any existing rights prior to the advent of the treaty, which were in any way affected by the treaty, would automatically be revived and that any rights acquired by virtue of the treaty would automatically die with the termination or expiration of the treaty.

The language of this article has Article II of the Boundary Waters Treaty particularly in mind. According to Canada's interpretation of this article it would, in the absence of there being any Columbia Treaty, have the right to divert the Columbia River into the Fraser, and it wants to leave this right unimpaired in case it desires to exercise it following the termination or expiration of the Columbia Treaty. The United States has challenged this position both from the point of view of its interpretation of Article II and on the grounds of general international law. Without in any way intending to settle this difference in the Columbia Treaty, it is nevertheless important to ensure that nothing done under the Columbia Treaty could be deemed in any way to prejudice the position that Canada takes, and the objective of the proposed Article X is to bring this about in a manner which would not prejudice either the Canadian or the U.S. position.

The fact, however, remains that certain private rights anyway will be affected on a permanent basis under the terms of the treaty, i.e. in Canada, property may have to be expropriated by B.C. for the purpose of constructing storage dams. In order to avoid an individual claimant trying to recover his property following the termination or expiration of this treaty under the terms of this article, care will have to be taken to ensure that any possible right that he might have to do so, on either moral or legal grounds, would be extinguished by appropriate local legislation.

Commentary on Article XII — Responsibility for Damage

The purpose of this article is to have all claims arising under the treaty dealt with on a national basis so as to avoid the complications involved in having international claims.

This clause is taken verbatim from the Niagara Treaty. The Niagara Treaty, however, deals with a slightly different situation to the Columbia Treaty. In contrast to the Columbia Treaty it concerns a joint development on a boundary water resulting in both countries exercising a joint control over the plan of development. In this sense the Niagara does not fit the Columbia exactly, because in the case of the Columbia the works concerned are under the exclusive control of one or other of the two parties.

In these circumstances, the argument might be made that one country should not have to suffer as a result of damages incurred in the other, under conditions which would make it entirely blameless due to having no control whatsoever over the factors causing the damage. This, however, works both ways and it is felt that the end result would be sufficiently equitable to make it unnecessary to attempt to establish any special claims machinery.

The article as presently drafted is broad enough to cover not only damage claims inevitably arising from any act done under the authority of the treaty, but also damage resulting from having done any such act in a negligent fashion.

Commentary on Article XIII — Settlement of Disputes

The purpose of this article is to use as far as possible the same machinery as it provided under the Boundary Waters Treaty, considering that both treaties deal with similar matters. There is, however, one major drawback in the machinery set out in the Boundary Waters Treaty from the point of view of getting swift action. The machinery of the Boundary Waters Treaty can only be invoked, as far as the United States is concerned, by and with the consent of the Senate. A sentence has been included on a very tentative basis to suggest a means of avoiding having this delaying feature apply to this treaty. However, it is intended to rely entirely on the United States for appropriate wording to cover this matter because, of course, whatever wording is adopted will necessarily have to be consistent with the U.S. Constitution.

The alternative has also been provided of being able to take the case to the International Court, it being envisaged that the tendency would be in practice that matters of a technical nature would be referred to the International Joint Commission and that matters of a political or

international law character would be referred to the International Court of Justice. Care, however, was taken not to state this specifically in the article, but rather to leave a free choice to resort to either method so as to avoid having a dispute as to what constituted a technical matter and as to what constituted a political or international law one.

Commentary on Article XIV — Ratification — Period of Agreement

The key issues with which this article is concerned are what should be the period of the treaty, as well as what should be the period of notice for terminating the treaty. The article as drafted has left blanks instead of attempting to indicate what these periods should be.

While it is difficult to make any accurate estimate as to how long the value of Canadian storage can be maintained, various estimates have been made which would suggest that the effective life of the value of Canadian storage does not exceed thirty-five years and that, therefore, the period of the treaty should be restricted to thirty-five years instead of fifty years, which represents the original concept. As regards the period of notice, the choice would seem to lie between a ten-year and a five-year period of notice, and a preference in some quarters has favoured a five-year period on the ground that the alternative is too long. In any event, it would seem that the period of notice should bear a relationship to the period of time required by the party to whom notice is given to carry out alternative arrangements.

If the period of agreement were to be shortened to thirty-five years or even less, the question arises as to how this affects the problem of amortizing the cost of construction. It is perhaps sufficient to say in this connection at this time that whatever decision is taken with respect to what is to be the period of the treaty must have due regard to the closely related question of making suitable provision for amortization of the construction cost.

280. DEA/5724-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

RESTRICTED [Ottawa], December 29, 1959

COLUMBIA RIVER — IJC REPORT

The members of the International Joint Commission are meeting in Washington this afternoon to sign their Report to Governments on principles for determining and apportioning benefits from the cooperative development of the Columbia River System.

Our Embassy in Washington is already discussing with the State Department arrangements for an early beginning of negotiations for a treaty.

Attached† for your approval is a draft Press Release which I suggest might be issued at 2:00 p.m. tomorrow, Wednesday, December 30. The State Department is planning to make a simultaneous release along the same lines.

We will have, on Wednesday morning, sufficient copies of the IJC Report for distribution to the Press as an attachment to the Press Release.[303]

[303] Pour le texte officiel du rapport de la Commission internationale mixte et pour celui du communiqué, voir le *Traité et protocole du fleuve Columbia et documents connexes* (Ottawa, 1964).
For the official text of the International Joint Commission report and of the press release, see *The Columbia River Treaty Protocol and Related Documents* (Ottawa, 1964).

I have asked the Minister of Northern Affairs and National Resources to forward copies formally to the Chairman of the B.C. Section of the Canada-B.C. Policy Liaison Committee on the Columbia River.

H.C. GREEN

5E PARTIE/PART 5

DÉTOURNEMENT DE CHICAGO
CHICAGO DIVERSION

281. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

SECRET [Ottawa], February 17, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of Transport (Mr. Hees),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

CHICAGO DIVERSION; DRAFT NOTE TO U.S. EMBASSY

20. *The Secretary of State for External Affairs* reported that draft legislation had been introduced into the U.S. Congress which would authorize diversion of additional water from Lake Michigan at Chicago. The State Department had forwarded a copy of the bill, with an aide mémoire, enquiring whether the Canadian government wished to make any representations at this time. Canada had made representations when a similar bill had been before Congress last year.[304] There was a good deal of opposition to this proposed diversion. Protests had been received from municipal authorities around the lakes, as well as from the government of Ontario and the Ontario Hydro Commission. The Liberals were strongly against it.

The Minister said that, in the draft note which it was proposed to send to the U.S. Embassy at an early date, it would be pointed out that the proposed American bill would make available

[304] Voir le volume 25, les documents 202 à 205./See Volume 25, Documents 202-205.

additional quantities of water for the Illinois-Mississippi river navigation system at the expense of the Great Lakes navigation system. It would also be pointed out that the usefulness of the St. Lawrence Seaway and other projects would be reduced if the proposals of bill H.R. 1 were accepted. A reference would also be made to the fact that every withdrawal of water from the Great Lakes system affected the availability of similar quantities of water for hydro-electric generation. The note would end by urging the government of the United States to give most careful consideration to the various consequences of the implementation of such proposals that were contained in the bill.

An explanatory memorandum was circulated (Minister's memorandum, Feb. 16 — Cab. Doc. 53-59).†

21. *The Minister of Northern Affairs and National Resources* said he was opposed to sending out a strong protest on this subject. He felt that by registering such a protest Canada would be limiting its future freedom of action to divert waters from rivers crossing the boundary, e.g., from the Kootenay, Columbia, or the Yukon. Referring to page 2 of the circulated memorandum, he pointed out that by the Chicago diversion, Canada would only lose 100 million Kw.hrs. while the gain in million Kw.hrs. from diversions of the Kootenay, the Columbia, and the Yukon would be close to 4,000 times as much. He noted that in the past the opposition to the bill in the United States had been sufficient to defeat it. He thought that, legally, Canada had no right to protest and that, economically, Canada should not protest.

22. *During the discussion* the following points emerged:

(a) There was general feeling that the note should be drafted in stronger language. In its present terms, it hardly sounded like a protest.

(b) The Chicago diversion would lessen the effectiveness of the St. Lawrence Seaway and would lower its level by 3/8 of an inch. There would be adverse political consequences if it became known that the government, by not protesting against the diversion, was giving up hydro power beneficial to eastern provinces and diminishing the usefulness of the St. Lawrence Seaway for undetermined benefits in the northern points of the country.

(c) The protest should be focussed on the seaway agreement, the harm to harbours, channels and locks of the Great Lakes system, and also on the adverse effects on hydro-electric generation.

23. *The Cabinet* agreed that the note which it was proposed to send to the U.S. Embassy concerning the Chicago diversion should be redrafted in stronger terms of protest in accordance with the suggestions made during the discussion, and be delivered to the U.S. Embassy that day.[305]

. . .

[305] Pour le texte de l'aide-mémoire des États-Unis daté du 9 février 1959 et la note de protestation du Canada datée du 20 février 1959, voir Canada, Chambre des Communes, *Débats* 1959, volume II, p. 1426.
For the text of the U.S. aide-mémoire (dated February 9, 1959) and the Canadian protest note (dated February 20, 1959), see Canada, House of Commons, *Debates*, 1959, Volume II, p. 1361.

282. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], March 5, 1959

CHICAGO DIVERSION

According to telegram No. 519 of March 4 from Washington (copy attached),† the Bill on the Chicago diversion (H.R.1) has been reported favourably out of the House Public Works Committee. This information has now been announced in the press.

H.R.1 will now go to the House Rules Committee for decision as to when it should be considered in the full House of Representatives.

The companion Bill in the Senate (S.308), which is identical in form to H.R.1, has not yet been considered by the appropriate Senate Committee, but may well be at any time. Although the House Committee, in its consideration of H.R.1, does not seem to have attached much importance to the effect of the proposed measure on Canada-United States relations, the Senate Committee may give this aspect of the proposal a little more attention because the Senate, after all, does have some constitutional responsibility in matters of foreign affairs whereas the House of Representatives has very little. Be that as it may, the Bill could still be reported favourably by the Senate Committee and subsequently approved by the Senate itself.

If identical Bills are approved by the two Houses, Congress will then submit the proposal to the President for signature. If the President should decide to veto the measure, he must do so within ten days after it has been presented to him. State Department will be preparing advice for the President on whether or not to reject the measure. We may very well be asked for our views. If such a situation should arise, we should know in advance what course to follow.

When appearing before the House Committee studying H.R.1, Mr. Willoughby of the State Department presented a prepared statement, the text of which is contained in telegram No. 510 of March 3 (attached).† This is not a strong statement and, in fact, is capable of misunderstanding.

It should be added here that even if the President does veto the Bill, his veto can be overborne by the two Houses repassing the measure provided that the two-thirds majority for it is obtained in both Houses.

The External Affairs Committee is to begin its hearings on departmental estimates next week. This might be a suitable forum for presenting in some detail Canada's case in respect of the proposed additional diversion at Chicago. Either in a prepared statement or by answers to leading questions, the reasons for Canada's objections might be placed on public record and thereby brought once again to the attention of the State Department. Canada's *right* to *object* to any diversions of water on the other side of the boundary, the effect of which will be productive of material injury to the navigation in Canada, is reserved in the second paragraph of Article II of the Boundary Waters Treaty. In addition, under the Niagara Treaty of 1950, the equal division of water between Canadian and United States power interests is based on the flows into Lake Erie which prevailed at that time. Canada should be compensated for any reduction in those flows. Furthermore, and this is where the inaccuracy occurs in the statement prepared for the House Committee by the State Department, the International Joint Commission Order of Approval of July 2, 1956, was based on supplies of water to Lake Ontario "adjusted to a condition assuming a continuous diversion out of the Great Lakes Basin

of 3100 cubic feet per second of water at Chicago." Any increase in the amount of that diversion, even for one year, would require a re-examination of the data on which this Order was predicated. As you know, the International Joint Commission Order of Approval of July 2, 1956, was approved by the two governments and could reasonably be expected to be binding on both.

We have just exchanged Notes authorizing the construction of the Southeast Bend channel for whose maintenance Canada will be responsible.[306] There are a number of other interconnecting channels and also navigation channels in the St. Lawrence River which have been dredged on the assumption that the supplies of water would remain constant. The loss, through diversion, of 1000 cubic feet of water for one year may mean no more than a drop of a fraction of an inch in levels. Further dredging might be required to ensure that the channels are sufficiently deep in all places to prevent ships when fully loaded from being damaged. From the engineering point of view, it is impossible to dredge inches when rock is involved; a single cut of two feet is about the minimum that can be done.

I should be glad to have your advice on whether these considerations ought to be brought out in the External Affairs Committee or whether we should just have them ready for presentation to the Embassy should we be asked about our views on a possible Presidential veto.[307]

N.A. R[OBERTSON]

283. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], April 3, 1959

CHICAGO DIVERSION

Following my conversation with you last week about the Chicago diversion, Mr. Heeney and I have exchanged views and, while it would be inadvisable to make a direct approach to the State Department on how we might proceed most effectively at this juncture, we agree that further representations ought to be made now.

We have expressed to the United States Ambassador your concern at the Chicago diversion proposals, but he appeared reluctant to make any positive suggestions. State Department officials are probably quite sensitive at this point as some Congressmen have alleged that they solicited further Canadian protests.

[306] Voir le document du Cabinet N° 51/59, RG2.†
See Cabinet Document 61/59, RG2.†

[307] Note marginale :/Marginal note:
I suggest External Affairs Committee [Sidney Smith]

A draft Note has been prepared and is attached for your consideration.[308] This Note has been prepared for delivery by our Ambassador to the Acting Secretary of State in Washington.

It has been suggested that the Canada-United States Inter-Parliamentary Group might reinforce at the legislative level these further formal representations. On the whole, it would appear to be inadvisable to use the regular machinery of the Group for such a purpose; on the other hand, something might be gained by having individuals make use of the contacts already formed with United States Congressmen to indicate how seriously this matter is viewed in Canada and to express the hope that the Public Works Committee of the Senate will remain in no doubt as to the climate of Canadian opinion. Action along these lines could perhaps have the most telling effect if Senator Drouin were to let members of the Group have copies of the Note and suggest that they might write or telephone to their colleagues in Washington emphasizing the damaging consequences which the passage of the Chicago Diversion Bill would have on Canada-United States relations.[309]

If, as a result of these representations, a proposal is made by the Senate or the President that some joint consideration be given to the problem of use of the waters of the Great Lakes, we should be prepared. If you agree, I shall ask officials of the departments concerned to examine the situation and direct their attention towards formulating proposals which would have at least the appearance of being constructive.

R. M. M[ACDONNELL]
for Under-Secretary of State
for External Affairs

284. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], April 10, 1959

CHICAGO DIVERSION

In the memorandum to you dated April 3, it was suggested that use might be made of the contacts already formed by Canadian parliamentarians in the Canada-U.S. Inter-Parliamentary Group to convey to certain U.S. congressmen how seriously the recent Chicago Diversion proposals are being viewed in Canada and to express the hope that the members of the Public Works Committee of the U.S. Senate, before whom the Bill has now been placed, will remain in no doubt as to the climate of Canadian opinion on this matter. On the understanding that you considered the use of this channel worth trying, letters have been drafted for your signature addressed to the Speaker of the Senate and the Speaker of the House of Commons informing

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[308] Note marginale :/Marginal note:
Note approved by P.M. April 6/59 H.B. R[obinson]
Pour le texte de cette note datée du 9 avril 1959, voir Canada, Chambre des Communes, *Débats*, 1959, volume III, pp. 2916 à 2917.
For the text of this note, (dated April 9, 1959), see Canada, House of Commons, *Debates*, 1959, Volume III, pp. 2784-2785.

[309] Note marginale :/Marginal note:
P.M. thinks this line worth trying H.B. R[obinson] April 7/59

them of the situation and suggesting how action by Canadian parliamentarians might be taken in support of the Government's recent representations.

2. My own view is you should not sign either letter — but might have a word informally with Speaker Drouin to see if he would think of calling Senator Aiken to let him know how seriously the Government regards the Chicago Diversion question. I am against trying to use the Inter-Parliamentary Group — as a group — for this purpose.[310]

N.A. R[OBERTSON]

285. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

RESTRICTED [Ottawa], April 14, 1959

CHICAGO DIVERSION

The Ambassador of the United States told me this afternoon that he had been talking to Senator Aiken of Vermont, who is the Chairman of the American Joint Congressional Committee on Relations with Canada. Aiken, who is himself opposed to the Chicago Diversion legislation, told Wigglesworth that he was more hopeful than he had been that the Chicago Bill might be blocked in the Senate. The Committee holding hearings on it has a very long list of witnesses who wish to be heard, most of them opposing its passing. He recognized that the issue had acquired a psychological importance out of proportion to its probable economic effects but he was hopeful that it could either be talked out or voted down in Committee.

Senator Aiken had told him that he had had a useful telephone call on the subject from Speaker Michener, indicating the strength of feeling on the subject here.

N.A. R[OBERTSON]

286. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

RESTRICTED [Ottawa], April 17, 1959

CHICAGO DIVERSION

Congressman Yates and Senator Douglas, both from Illinois, have requested officially, through the United States Embassy, an appointment to see you to express their views on Chicago Diversion. They would like to come, if you agree, on Monday, April 20. I have

[310] Note marginale :/Marginal note:
April 12 P.M. agrees that letters should not be sent, & that informal means be found to make Canadian concerns known to key U.S. parliamentarians.
April 13 10.15 a.m. P.M. phoned Speaker of Commons & asked him at his discretion to speak in sense recommended to U.S. parliamentarians. H.B. R[obinson]

checked your programme for that day and the necessary time could be set aside if it was your wish.

The United States Embassy requests that your reply to this approach be communicated to them as soon as possible.

Congressman Yates has announced to the press that he and Senator Douglas will seek an interview with you. You may therefore be asked about this by the press later this afternoon.[311]

H.B. R[OBINSON]

287. DEA/1760-B-40

Note

Memorandum

SECRET [Ottawa], April 23, 1959

NOTES IN RESPECT OF CALL OF SENATOR DOUGLAS AND CONGRESSMAN YATES ON PRIME MINISTER DIEFENBAKER
APRIL 23, 1959

The Prime Minister said he had never known such a feeling that exists in Canada today with respect to the issue of the Chicago Diversion. On such matters as lead and zinc and oil the reaction had been diffuse. During the previous administration in Ottawa on two occasions the Government had made representations to the Government of the United States resulting in presidential vetoes of similar bills. At that time opposition in Canada was general and unconcentrated. Now it is widespread and concentrated. There is concern even in Western Canada. The opposition in Parliament has been pressing very hard on this matter. In order that there should be no misunderstanding an attempt was made to make the last Note to State Department definite.

2. Congressman Yates agreed that the Note was certainly definite. He went on to say that, like many Canadians, people of Chicago "lived on the Water." Chicago occupies a peculiar position in the Great Lakes at the junction with waters leading to the Mississippi River. It has great sewage disposal problem.

3. Senator Douglas interjected that the present sewage disposal facilities of Chicago are the second best in the world.

4. Senator Douglas pointed out that he had sought firmly for the development of the St. Lawrence Seaway.

5. Congressman Yates explained that the purpose of H.R. 1 is to provide for a study of pollution problems. The study would last for three years, during one of which water would be diverted. At the conclusion of the study, there would be a determination of what future action was required. At that time it was intended that Canada should have a voice in considering what should then happen. Congressman Yates went on to say that he and the Senator were willing to amend Bill H.R. 1 in order to make that clear. As a matter of fact, they would be willing to make explicit in the Bill that advisory reports be obtained with respect to the effect on lake levels and on power and with respect to other methods of pollution treatment.

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[311] Note marginale :/Marginal note:
Note April 17 P.M. agrees to seeing Yates & Douglas and wishes Department to arrange a time toward the end of next week, perhaps Thursday or Friday April 23 or 24 H.B. R[obinson]

6. Senator Douglas said that he personally would be willing to support an amendment calling for a report from the members of the International Joint Commission in an advisory role. If the advisory opinion of the Commission was contrary to additional diversion he was sure that no measure for diversion could pass Congress.

7. Senator Douglas said that unfortunately State Department had not communicated the aide-mémoire of January 6, 1958[312] to Congress until the end of July 1958. Both congressmen were angry at State Department for not having disclosed the aide-mémoire earlier. The suggestions contained in it would be part of the study now being referred to.

8. The Prime Minister emphasized that regardless of proposed amendments the unilateral action of the United States Congress in passing any bill with respect to an experimental period could become a precedent.

9. Congressman Yates assures the Prime Minister that it was not meant to be unilateral action. Indeed, he had sought repeatedly to find out what the Canadian attitude was. The Congressman suggested two specific amendments in the present Bill:

(a) To delete the last sentence which may be interpreted to indicate that any report would in fact provide for some measure of additional diversion;

(b) By insertion of a clause to the effect that under no circumstances should this legislation be considered a precedent for permanent diversion.

He said that if there were some other provisions which could be inserted to protect Canadian interests he would try to accept that as well.

10. The Prime Minister said he had given some consideration to whether he should agree to their request for an opportunity to explain their views to him. He realized the political context within which they had to operate. He had then felt that it was better to agree and to tell them in person frankly where the Canadian Government stood. Accordingly he pointed out that his answer could not be of the kind they would like but nevertheless he had felt that it was fair to agree to their coming. From the Seaway, Chicago will benefit more than any other city. It will be a port having direct access to the ocean. As a great city there will be necessity for adequate sewage disposal facilities. All of this he was well aware of and has taken into consideration. Indeed, the congressmen could say that they had made the strongest representations possible to him. Canadian public opinion, however, had reached such proportions that the Government could not reconsider its position.

11. Senator Douglas said that they had come in the hope that they could make the strongest case possible. Both congressmen have worked hard to bring about better relations between the United States and Canada. Among other things, he had strongly supported the Niagara Treaty of 1950. In the present matter he and his colleague were willing to take into account the aide-mémoire of January 6, 1958 to strike out the last sentence of the present Bill and to add some provision to the effect that the International Joint Commission be requested to examine the matter in an advisory capacity and to inform the two countries of their opinion. Furthermore, he would be willing to propose that the opinions of Canada be specifically sought. He realized that many United States actions in the recent past have been irritating, such as those with respect to lead and zinc, wheat and oil. He personally had, of course, opposed certain of these actions and with respect to wheat had endeavoured to restrict it to the real interests of those who were hungry and other lands.

[312] Voir/See Volume 25, Document 202.

12. Congressman Yates agreed, and emphasized the desire to remain friends and in particular to avoid any Canadian-baiting.

13. Senator Douglas said that there are degrees of opposition and that he and his colleague wanted some of the records of the Canadian opposition modified.

14. The Prime Minister said that this was possible the question which had arisen during the war: "Whom are you neutral towards?" He said that he had asked himself in advance: "How far can I go?"

15. Congressman Yates intervened to emphasize that Bill H.R. 1 did not provide for permanent diversion.

16. The Prime Minister read the following summary of the views of the Canadian Government:[313]

17. Senator Douglas said that although the diversion into Lake Superior from Long Lac and Ogoki had increased the water levels in Lake Michigan and in consequence much damage was done in 1952, no protests had been made from that area. This was an evidence of the reasonable position he had sought to maintain in these matters.

18. Congressman Yates said he had been trying for ten years to find some way of getting a bill through to help Chicago. He had hoped that the Prime Minister might be able to see his way clear to accepting the substantial proposal for amendment.

19. The Prime Minister said that he could not go even so far as to accept the amendments or to refrain from opposition.

20. Congressman Yates said that the greater portion of the Canadian opposition seemed to be directed against unilateral action. He wished to give every assurance that he wanted to work with the Government of Canada in this matter.

21. The Prime Minister said that whatever the amendments could have been considered a few months ago, the fact remains that the Chicago Diversion proposals are something upon which there is such a strong public feeling and such a strong feeling among members of the House of Commons that he could not have any assurance of support if he were to change his position at this time. He explained that he was in the unusual position of being considered anti-American in the United States and as dominated by the Americans within Canada. The Chicago diversion typifies to Canadians such an attempt at domination of Canada by the United States. The fact that most of the great industrial centres in Canada are situated on the Great Lakes makes this example more evident.

22. Senator Douglas said that he could understand the Prime Minister had reached the point of no return with respect to the proposed Chicago diversion legislation. He said that he and his colleague would not criticize Canada. Indeed, they would try to interpret the Prime Minister's position when they returned to the United States. He hoped that after he and Congressman Yates had had an opportunity to consult further it might be possible to work out an amended bill which would assuage some of the United States opponents and which the Prime Minister might not dislike as much as the present version. The Senator then summed up their point of view.

23. The Prime Minister said that even with the amendments the Bill could not be accepted. Indeed, if the Bill passes, he was very much worried about what the consequences would be in Canada. It would be very difficult to hold the line against those who are greatly disturbed over

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[313] Le texte de la déclaration ne figurait pas en annexe au document. Le premier ministre aurait lu quelque chose tiré de la note citée dans le document 281.
The text of the statement was not included in the document. Presumably the Prime Minister read something along the lines of the note referred to in document 281.

recent actions in the United States. In particular, at the moment he was very much upset over the statements which it is reported have been made by a member of the United States Cabinet in a Congressional Committee with respect to defence production sharing with Canada. The statements reported are greatly at variance with the understanding which Canadian Ministers had obtained from the United States Government. Indeed, he expected to have to make a very straightforward statement with respect to this matter in the House of Commons shortly.

24. Senator Douglas then mentioned some possibilities concerning which he felt that it was better that no record should be made at this time.

25. The Prime Minister resumed by saying that he would probably make a statement in the House of Commons today because Members were well aware that the Senator and Congressman were calling on him this morning. He would say that Canada's position remains as stated in the Note dated April 9, 1959 and that he had, however, listened to the points of view put forward to him.

26. Congressman Yates said that he and his colleague would try to remove some of the sources of "profound irritation" to which the Note had made reference.

288. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 15, 1959

CHICAGO DIVERSION

I am attaching a copy of a Note dated June 12, 1959,[314] addressed by the Department of State to the Canadian Ambassador in Washington concerning diversion of water from Lake Michigan at Chicago. Also for convenience of reference I am attaching a copy of our Note of April 9, 1959 to which State Department is replying.

State Department proposes to make their reply public on June 16. As you will recall, our Note was made public shortly after receipt by sending it to Congress.

There is no need to publish the United States Note in Ottawa, although it may be assumed that there would be a question arising out of Washington press reports requiring tabling of the Note. Furthermore, it is expected that the Inter-Parliamentary Group will wish to discuss the Chicago diversion at its meetings at the end of next week. Accordingly, for their information and for purposes of ready reference there may be some advantage in tabling the attached Note tomorrow.

Accordingly I have prepared copies of the United States Note for tabling, at which time you might wish to say something along the following lines.

PROPOSED STATEMENT

As considerable interest has been exhibited by members in the matter of the proposed diversion of additional water from Lake Michigan at Chicago I wish to table and have printed as an appendix to Hansard copy of a Note dated June 12 addressed to the Canadian

[314] Pour le texte de la note, voir Canada, Chambre des Communes, *Débats*, 1959, volume IV, p. 5096. For the text of this note, see Canada, House of Commons, *Debates*, 1959, Volume IV, p. 4859.

Ambassador in Washington from the Secretary of State of the United States. This Note is in reply to one from the Canadian Ambassador dated April 9, 1959, which was tabled on April 16.

N.A. R[OBERTSON]

289. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], June 23, 1959

CHICAGO DIVERSION

Attached is the text of the note delivered yesterday to the State Department on the Chicago Diversion.[315]

The note indicates that a "substantive reply" on the proposal for further consultations will be made soon. This reply can be prepared as soon as there has been an opportunity to complete all the required consultations at the Federal and Provincial levels. It may even be possible to consult a number of industries such as shipping which are affected by increased diversions at Chicago. The object of these consultations will be to collect data indicating in a very positive fashion the damage that increased diversions could cause, as well as to develop a constructive approach to the problem during the meetings that will be held with United States officials in accordance with their proposal.

N.A. R[OBERTSON]

290. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 19, 1959

CHICAGO DIVERSION

I am attaching for your approval three telegrams to our Embassy in Washington. Two of the telegrams contain Notes on different aspects of the subject and the third telegram contains instructions with respect to delivery.[316]

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[315] Pour le texte de la note, voir « La dérivation du lac Michigan à Chicago, » *Affaires Extérieures*, Vol. 11, N° 10 (octobre 1959), p. 322.
For the text of this note, see "The Chicago Diversion," *External Affairs*, Vol. 11, No. 10 (October 1959), p. 326.

[316] Note marginale :/Marginal note:
Signed by the Minister 19/8 [auteur inconnu/author unknown]

On Monday the Senate Committee on Public Works reported a bill out of Committee by a vote of eight in favor, six against, with one abstention. Both majority and minority reports should be available early next week. When the bill is debated in the full Senate there should be a long and bitter debate. Even if it is passed by the Senate the bill will have to go to the House of Representatives again because amendments have been added by the Committee. In consequence the bill will have to meet a difficult time-table.

The attached telegrams have been prepared in consultation with our Ambassador in Washington and have been agreed to on the telephone by the Deputy Minister of Northern Affairs and National Resources.

The first Note seeks to express unequivocal dislike of the bill even as amended. The second Note is in reply to the United States invitation to engage in intergovernmental consultations and is in accord with your statement in the House on the subject.[317] However, paragraph 2 of the second Note seeks to indicate that the scope of the consultations will have to be more clearly defined. In conducting such discussions with the United States it will be very important to keep in touch with the two provincial governments as well as with other Government departments.

M. C[ADIEUX]
for Under-Secretary of State
for External Affairs

291. DEA/1760-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM X-219 Ottawa, August 19, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel 2003 Aug 19.†
Repeat Airmail Chicago from Ottawa (Information).

CHICAGO DIVERSION

My two following telegrams contain texts of Notes for delivery to the Department of State. The first Note seeks to express Canadian dislike of Bill HR 1 even as amended. The second Note conveys specific proposals concerning the conduct of intergovernmental consultations. It is our present view that the scope of the consultations should not be restricted to waste disposal problems at Chicago but should be directed toward the maintenance of an agreed régime with respect to the levels and flows of the waters of the Great Lakes.

2. In delivering these Notes you are authorized to make clear that the atmosphere and attitude of any consultations will inevitably be affected by the action that is taken within the USA concerning the present legislative proposals for additional diversion of water from Lake Michigan at Chicago.

[317] Note marginale :/Marginal note:
Send copy of protest to PM & 2 other tels. Done by Delworth 20/8 [R.M. Macdonnell]

292. DEA/1760-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM X-220 Ottawa, August 19, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: My Tel X-219 Aug 19.
Repeat Airmail Chicago from Ottawa (Information).

CHICAGO DIVERSION

Following is the text of a Note for delivery to the State Department. Text Begins:

I have the honour to refer to my Note No. 184 of April 9, 1959 concerning legislative proposals to increase the diversion of water from Lake Michigan at Chicago.

I am instructed to inform you that the Government of Canada has taken note of the recent legislative action in the USA concerning this matter. In this connection, I am to advise you that the Government of Canada explicitly reaffirms the position set forth at length in the above-mentioned Note. In the view of my government any additional diversion of water out of the Great Lakes watershed would be inconsistent with existing agreements and arrangements which together constitute an agreed régime with respect to these waters. The proposed unilateral derogation from the existing régime therefore occasions serious concern in Canada. Text Ends.

293. DEA/1760-B-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM X-221 Ottawa, August 19, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: My Tel X-219 Aug 19.
Repeat Airmail Chicago from Ottawa (Information).

CHICAGO DIVERSION

Following is the text of a note for delivery to the State Department. Text Begins:

I have the honour to refer to my Note No. 368 of June 22, 1959, concerning your suggestion for intergovernmental consultation on proposals affecting the Great Lakes watershed. I am instructed to inform you that the Government of Canada agrees that it would be useful to convene a meeting of officials of the two governments at a mutually convenient date for consultations.

It is suggested that the first meeting should make recommendations concerning the scope of the consultations, the manner in which they should be conducted, and the amount and kind of background data which should be assembled. For example, it may be that early agreement can

be reached on the acceptance of certain existing documents as adequate for the purpose of the consultations.

If these proposals are acceptable, the Government of Canada would welcome an early indication as to the time and place which the USA Government would find convenient for the meeting.

294. DEA/1760-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2031 Washington, August 21, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Minister's phone conversation with me Aug 20: Your tels X-219, X-220 and X-221 Aug 19.
Repeat Airmail Chicago from Washington (Information).

CHICAGO DIVERSION; USA PROPOSALS FOR CONSULTATIONS

The Department's phoned instructions to us on August 19 contemplated a single note to the State Department which would combine a reaffirmation of Canadian opposition to further diversion at Chicago with agreement to consultation as proposed in the USA Note of June 12. Subsequently, following an exchange of messages between us, you decided to send separate replies; a first Note reaffirming opposition to the procedure intended in the proposed USA legislation, and a second dealing with the consultation proposal. The first Note has now been presented to the State Department, as reported in my telegram 2026 August 20,† together with an oral statement that an affirmative reply on consultation could be expected in the near future.

2. The problem now before us is the form in which we should reply affirmatively to the USA suggestion for consultation. My views on this were set out in paragraph 4 of my telegram to you 2003 August 19.† Briefly stated, my considered opinion is that it is in the Canadian interest to consult with the USA administration on this problem in the general context of the levels of waters in the Great Lakes. This is the normal and practical manner for our two governments to deal with mutual problems and it would be difficult to justify refusal in this case. Further, it has already been indicated publicly that the Canadian Government regard consultation as a "satisfactory approach" (your statement in the House of Commons on tabling the USA Note of June 12 — Hansard, June 17 — page 4807).

3. On the other hand, we were properly concerned lest the linking of our consent to consult with our protest on the most recent action of the Senate Committee might indicate some weakening in our opposition to diversion. We also realized that care should be taken in settling the nature and scope of consultations between the two governments lest we find ourselves in anything approaching a bilateral "negotiation" on the Chicago diversion. It was the latter consideration that I had in mind in suggesting that the terms of the second draft Note, contained in your telegram X-221 August 19, should be re-examined. Although the USA may well argue that what they proposed in their Note of June 12 was consultation specifically on the Chicago issue, it seemed to me, in our interest, important to have the consultations related more generally to levels in the Great Lakes Basin.

4. Having regard to the possible disadvantages of agreeing to consult, it should not be overlooked that our consent to the USA proposal in this respect should strengthen the hand of the State Department in seeking to delay legislative action on the Chicago diversion at this session of the Congress (my telegram 2003 August 19 paragraph 4).

5. For these reasons it would in my judgment, be wise to communicate our affirmative reply to the State Department in general terms within the next week.

6. We agree, I think, that in making any affirmative reply we should, in the words of paragraph 2 your telegram X-219 August 19, "Make it clear that the atmosphere of any consultations will inevitably be affected by the action that is taken within the USA concerning the present legislative proposals for additional diversion of waters from Lake Michigan to Chicago."

7. You asked for my suggestions on the kind of second Note which should now be sent. A suggested draft, based on your telegram X-219 August 19 is set out in my immediately following telegram.

[A.D.P.] HEENEY

295. DEA/1760-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL Washington, August 27, 1959

Dear Howard [Green],

I cannot very well include in a letter — even a personal one — the full account I have just given you over the telephone of what is going on in the Senate over the Chicago Diversion legislation. However, I might set down two or three of the principal points to aid our memory of this stage of the long and tangled history of the controversy.

This morning, after some deliberation, I decided to take the unusual and, strictly speaking, improper course of going directly to the Legislative Branch, i.e. the Senate. I did this for two reasons: first, in order to make quite sure that some of the Senators principally involved were in no doubt as to the position of the Canadian Government; second, to try to form some personal estimate of the likely fate of the bill in its present form.

A chance encounter last evening with Senator Clinton Anderson (Democrat, New Mexico) gave me the opportunity. Anderson is one of the most influential members of the majority party. Through him I arranged to see Senator Robert Kerr (Democrat, Oklahoma), who was the principal proponent of the Chicago Bill in the debate yesterday. I told Kerr very frankly of the strength of our opposition and of the unfortunate effects which passage of the bill would have upon Canadian opinion. Kerr received me in a very friendly fashion and in his response to what I had to say, made it evident that his support of the measure derived not so much from opinion of its merits as to personal and party considerations. He would be willing to consider any amendment which would make the bill less unacceptable to Canada. He thought that Senator Anderson might make some helpful suggestion on this score.

When I saw Senator Anderson later this morning, I made it quite clear that no measure which purported to authorize diversion of further water at Chicago under no matter what conditions and for what length of time would be acceptable to the Government of Canada. If

any such law were enacted we would certainly employ all our influence to have it vetoed by the President. I could not take any hand in the initiation of any amendment designed to meet the Canadian position. It would be improper for me to do so and, further, might be taken to imply Canadian acquiescence. We hoped that the Senate would not pass the bill at all.

Anderson, who was most sympathetic, understood my position completely. He thought he might try his own hand at some amendment with the object not so much of tailoring the result to our requirements as having the bill fail of passage at this session. There the matter rests and the debate in the Senate continues. I am told that it will likely go on tomorrow and possibly longer.

I do not know whether this unusual incursion of mine into the citadel of the U.S. Senate will have any effect whatever on the present Chicago legislation. Probably not. It seems altogether likely that the bill in some form will be enacted and largely for reasons remote from the merits. On the other hand, I believe that as a result of my talks today the Canadian position is much clearer in the minds of at least two Senators.

We will of course keep you informed by telegram as the bill proceeds in the Senate.

Yours sincerely,

A.D.P. HEENEY

296. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], September 10, 1959

CHICAGO DIVERSION

Now that the Chicago Diversion Bill, H.R. 1, has been referred to the Senate Foreign Relations Committee,[318] it is practically certain that the measure cannot be reported on by the Committee and therefore referred again to the Senate before Congress adjourns. By referring the Bill to the Foreign Relations Committee, however, the Senate has indicated that the emphasis, heretofor assigned to the public works nature of the Bill, has been shifted to take into account the external repercussions of the diversion proposal. This, in turn, means that Canada's interest and concern will be thoroughly examined in the Committee.

As you will remember, a note was prepared and approved by you on August 28 for delivery to the State Department at an appropriate moment (copy attached.)† I understand that you have since enquired why that draft note failed to make any reference to the documentation which might be useful during the consultations on matters of substance. By going that far, we would definitely be engaging ourselves to discuss matters of substance; the note which you approved was merely a tentative acceptance of the invitation to consult coupled with a request to hold a preliminary meeting at which, it was hoped, the scope of any consultations on substance could be defined.

[318] Par un vote de 54 à 34 le 2 septembre 1959, le Sénat a adressé Bill H.R.1 au Comité des relations étrangères.
By a vote of 54-34 on September 2, 1959, the Senate referred Bill H.R.1 to the Foreign Relations Committee.

You will have seen telegrams No. 2141 of September 8 and 2153 and 2154 of September 9 from Washington reporting Senator Fulbright's initiative to have consultations opened (copies attached).† In view of this development we can now hardly refuse to discuss this matter with the State Department. There is still a good case to be made, however, for having a preliminary meeting at which such matters as documentation and participation of outside interested agencies might well be considered. The draft note of August 28 has accordingly been rephrased and is attached for your comment or approval. The redraft contains, in slightly modified form, a reiteration of Canada's objections to unilateral action despite the fact that such action is no longer imminent. This final paragraph has been left in the note so as to prevent the supporters of the Bill from making propaganda, during the Congressional recess, arguing that, by agreeing to consult, Canada has withdrawn its objections.

Before meeting the United States officials it will be necessary to have available a fully documented Canadian case. For that reason, your approval is requested to the proposal to enlist the co-operation of the Province of Ontario, Ontario Hydro, Quebec Hydro and possibly the National Harbours Board in order to obtain from all interested Canadian authorities the detailed information that will be required.

M. C[ADIEUX]
for Under-Secretary of State
for External Affairs

297. DEA/1760-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM X-232 Ottawa, September 18, 1959

CONFIDENTIAL

Repeat Candel New York (Information).

CHICAGO DIVERSION

Following is the text of a Note to be delivered to the State Department by the Ambassador on his return:[319]

Sir:

I have the honour to refer to my Note No. 368 of June 22, 1959, concerning your suggestion for inter-governmental consultations on proposals affecting the Great Lakes watershed. I am instructed to inform you that the Government of Canada agrees that it would be useful to convene a meeting of representatives of the two governments at a mutually convenient date for such consultations. Before embarking upon these consultations, however, it would be helpful to have as clear an idea as possible of their scope and nature and the manner in which they should be conducted. A preliminary meeting between representatives of the State Department and of the Department of External Affairs might therefore be convened for this purpose and also to decide, if possible, on the kind of documentation which would be useful for the purpose of

[319] Le Cabinet a approuvé les termes de la note le 11 septembre 1959. Celle-ci a été remise le 22 septembre 1959.
Cabinet approved the terms of this note on September 11, 1959. It was delivered on September 22, 1959.

discussing matters of substance. I have been instructed to add that by accepting the invitation to enter into consultations, the Government of Canada in no repeat no way deviates from its previously expressed opposition to any action which would result in a further diversion of water from the Great Lakes system.

298. DEA/1760-B-40

Procès-verbal de la réunion des délégations du gouvernement fédéral, du gouvernement de l'Ontario et du gouvernement du Québec, à Ottawa, le 20 novembre 1959

Minutes of Meeting of Delegations from the Federal Government, the Government of Ontario and the Government of Quebec, Ottawa, November 20, 1959

RESTRICTED [Ottawa], November 23, 1959

LEVELS AND FLOWS IN THE GREAT LAKES AS AFFECTED BY A PROPOSED INCREASED DIVERSION AT CHICAGO

Mr. Green welcomed the two delegations (Annex A) and briefly outlined the problem in the manner set forth in Annex B,† indicating that the approach to be taken to the problem was flexible. The provincial delegations had been invited to Ottawa, he said, so that the federal authorities could have the benefit of specialized knowledge in certain fields available only to the Provinces, and also to facilitate consultation in frank and open discussion among those who would be affected if Chicago were to extract more water from Lake Michigan. The background paper that had been provided (Annex C)† was to be considered as a statement of possibilities around which the discussion might revolve.

Mr. Macaulay was invited to present the views of Ontario. He said that the Ontario delegation would speak generally to the various points raised by the background paper and would file a detailed brief within the next week or ten days on specific points.

He then referred to the Macomber letter of August 1, 1958, to the Chairman of the House Public Works Committee in which it was stated that "Canada would not object to a one-year diversion of 1000 cfs." *Mr. Cleveland* said that this letter had caused a great deal of concern to the Department. He explained the circumstances in which this letter was written. During consideration of the 3-year diversion Bill, H.R. 2 of the 85th Congress, an amendment was suggested on the floor of the Committee, that a one-year diversion might give Chicago all the opportunity needed to carry out its experiments. The State Department was asked to find out whether Canada would lodge another protest if such an amendment was proposed. The enquiry was made by telephone; the reply was to the effect that "no objection to *this* proposal was contemplated at this time, because it would be no worse than the provision already in the Bill." This message on being passed by phone through several persons ended in the form indicated in Macomber's letter.

Mr. Macaulay then read a statement made by Senator Dirksen, suggesting that since President Eisenhower would probably veto H.R. I, if passed, the only course open to the United States was to enter into negotiations with Canada with a view to removing Canada's objections so that Chicago could have more water. It struck Mr. Macauley as an unwarranted presumption on Senator Dirksen's part that Canada's objection could be removed. He sought confirmation that any such presumption was unwarranted. *Mr. Green* said that while Senator Dirksen was perfectly entitled to express his views, there was no reason to assume that those views were shared by responsible Canadian authorities. Quite the contrary.

Mr. Macaulay then turned to an examination of whether or not Chicago had any right to extract extra water. In Ontario's view Chicago had no such right, but, with or without the right, supposing Chicago were to obtain the legislative authority it was seeking, what consequences were to be expected? In his view, the only reason Chicago was seeking to obtain more water was to avoid probable substantial expenditures for treatment of sewage. This was quite unjustifiable because all other communities along the Lakes were facing up to this responsibility. In Ontario alone, for example, there is at the present time a $40 million programme involving some 90 projects and a $2.5 billion programme for the next 20 years on water and sewage projects. Why should Chicago be spared from the necessity of carrying out the same sort of programme?

In addition, Ontario has already put $6.5 million into the Long Lac and Ogoki Projects in order to put extra water into the Lakes. Furthermore, some $300 million has been spent at Barnhart on the understanding that a certain volume of water would be available; if that volume is not forthcoming, because of withdrawals at Chicago, there will be three consequences at Barnhart as well as at Niagara:

(a) it will place Ontario in the position of having over-capitalized on plant;

(b) it will create a situation where some of the plant capacity will have to remain unused;

(c) it will require Ontario to find power elsewhere, probably at a heavy outlay. Ontario is already in a deficit position with respect to power.

Finally, the project of the Seaway led the Ontario Government and Ontario communities to lay out millions for harbour and port improvements in the expectation that water levels would not be lowered. Withdrawals of water from the Basin could reduce many of the benefits gained by these expenditures.

Mr. Macaulay wondered whether the metering of Chicago's actual withdrawals from Lake Michigan was being checked by Canada, and speculated on the possibility that even more than the recorded 3200 cfs. was being withdrawn. *Mr. Patterson* said that he had no reason to question the figures provided by the U.S. Army Corps of Engineers.

In conclusion, *Mr. Macaulay* mentioned that additional water for Lake Michigan was known to be available, in quantities of the order of 7000 cfs. from the Wisconsin River through the Fox River entering Lake Michigan at Green Bay. Undoubtedly the reason for not taking this water was the opposition of those who were now using it.

Mr. Spooner raised one point that had not been mentioned, viz., the damaging effect on fisheries and spawning grounds that lower lake levels were known to have.

Mr. Connell supported everything that had been said up to this point and obtained permission for the Chairman of the Ontario Water Resources Commission to present a brief that he had prepared (Annex D).†

Dr. Holden was then invited to comment in detail. He said that some additional water might be available through the Ogoki Diversion but it could be provided only if Hydro were not asked — as it had been in the past — to shut off the diversion from time to time so as to reduce the effect of this additional water on the levels of Lake Superior. As for Lake St. Joseph water, it was committed to Manitoba. Pipe lines and pumping stations in northern Ontario would be too expensive to consider. He mentioned also, in connection with paragraph 3 of the background paper, that Lake Erie could not be controlled with existing works.

Dr. Holden then referred to the Niagara Treaty and suggested that in any treaty approach to the whole Basin, thought might be given to the following matters:

(a) obtaining for Ontario the exclusive use of the Long Lac and Ogoki water at all plants downstream;

(b) reducing the 100,000 cfs. over the Niagara flow required under the 1950 Treaty. He believes that the remedial works have been so effective that less water might be reserved for the Falls without loss to the spectacle provided.

Dr. Holden filed a Brief, dated March 4, 1959, tabulating the losses to Ontario Hydro at Niagara and at Barnhart which would result from:

(a) a one-year's 1000 cfs. diversion

(b) a permanent 1000 cfs. diversion.

(See Annex E for the Tables).†

Mr. Macaulay, in concluding Ontario's case, expressed doubts as to the advisability of entering into treaty negotiations with the United States aimed at dealing with Great Lakes levels and flows. He feared that in order to secure Canada's right to the diversion of water from the Columbia to the Fraser River in British Columbia, for example, it might be necessary to give something in return. e.g. additional water at Chicago.

Mr. Green assured Mr. Macaulay that the interests of Ontario and Quebec would not be sacrificed in order to gain advantage for British Columbia.

Mr. Johnson thanked the Minister for the opportunity given to present Quebec's case in opposition to the Chicago diversion. He had been directed by Prime Minister Sauvé to make Quebec's objections to any additional withdrawals of water unmistakably plain. The forseeable damages to Quebec were much the same as those to Ontario, although perhaps smaller in extent. Since the main effects of any increased withdrawals of water from Lake Michigan at Chicago would be felt by hydroelectric power generation — at Beauharnois now, and at Lachine when built — he would ask Dr. Dupuis to give details of these losses.

Mr. Johnson concluded by saying that the balance of inconvenience was so clearly established as between Chicago and the other users of the water, he found it difficult to understand how Chicago could reasonably be conceded the authority being sought. To his mind, one community's gain should not be permitted at the expense of so many other communities.

Dr. Dupuis estimated that Quebec's losses would be about 2/3 those suffered by Ontario Hydro. In any event, he would be working it out in detail for inclusion in Quebec's written brief which would be forwarded to the Federal Government shortly.

It was agreed that Ontario and Quebec should consult with one another in the preparation of their respective briefs before submitting them to Ottawa.

The meeting concluded by agreement that if the Press should enquire about today's meeting they should be told simply that the two provincial governments and the federal government had been in consultation with one another to examine in detail the consequences of any action which Congress might take in connection with H.R. I.

[ANNEXE A/ANNEX A]

Ottawa, November 20, 1959

MEETING ON LEVELS AND FLOWS IN THE GREAT LAKES

Honourable Mr. Green
Mr. Ritchie, Mr. Cleveland
Mr. Kingstone, Mr. Munro
Mr. T.M. Patterson, Northern Affairs and National Resources
Mr. C.K. Hurst, Public Works
Mr. D. Ripley, Transport

Mr. R. Smith, Transport
Mr. J.N. Betournay, Transport
Mr. H.L. Land, Transport
Mr. W.J. Manning, Transport.

Ontario Delegation
Honourable R.W. Macaulay, Minister of Economic Development.
Honourable Ray Connell, Minister of Public Works.
Honourable J.W. Spooner, Minister of Lands and Forests.
Mr. Clarkson, Deputy Minister, Economic Development.
Mr. J.D. Millar, Deputy Minister, Public Works.
Mr. F.A. MacDougall, Deputy Minister, Lands and Forests.
Dr. A.E. Berry, General Mgr. And Chief Engineer, Ontario Water Resources Commission.
Mr. A.M. Snider, Chairman, Ontario Water, Ontario Water Resources Commission.
Dr. O. Holden, Chief Engineer, Ontario Hydro-Electric, Ontario Water Resources Commission.
Mr. J.B. Bryce, Assistant to Dr. Holden.
Mr. L.R. McDonald, Counsel for Ontario Hydro-Electric, Ontario Water Resources Commission.
Mr. G. Ferguson, Dept. of Lands and Forests.
Mr. W.F. Weaver, Chief Inspector of Surveys, Dept. of Lands and Forests.

Quebec Delegation
Honourable D. Johnson, Minister of Hydraulic Reserves.
Mr. A. Dussault, Deputy Minister of Hydraulic Reserves.
Mr. A.E. Paré, Engineer, Department of Hydraulic Reserves.
Mr. Guy Poitras, Engineer, Department of Hydraulic Reserves.
Dr. R. Dupuis, Chief Engineer, Quebec Hydro-Electric Commission.
Mr. J.P. Marion, Engineer, Quebec Hydro-Electric Commission.
Mr. Y. de Guise, Engineer, Quebec Hydro-Electric Commission.

299. DEA/1760-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 22, 1959

CONSULTATIONS WITH THE U.S. ON H.R. 1,
THE CHICAGO DIVERSION BILL

Subject to your approval, consultations on the effects of the diversion of water from Lake Michigan at Chicago will be held in Ottawa in early January. Our Note No. 616 of September 22 agreed to these consultations. Ambassador Wigglesworth will represent the U.S.A., supported by officers from the political and legal sections of State Department and an engineer.

In order to impress upon the U.S. Congress that these consultations have taken place at the highest level, I understand that you would be willing to preside. The dates of January 7, 8, 11 or 12 have been suggested. When you have indicated your preference, arrangements will be made to have Mr. Wigglesworth and State Department officials invited.

An informal preliminary meeting on this matter was held in Washington earlier this month. State Department officials said that it would assist in the presentation of their case to the Senate Foreign Relations Commission if we could discuss the following matters:

(a) Legal considerations connected with the basis for the proposal to divert additional water at Chicago.

(b) The engineering and economic feasibility of adding water to the Great Lakes System to make up for the extra water being withdrawn at Chicago, especially from the Albany River.

(c) The related questions of injury and compensation, which would arise if Chicago asks how much it would have to pay, by way of compensation, for damage caused by increasing the amount of the diversion.

(d) The possibility of referring the Chicago diversion problem to the I.J.C. either under Article III or Article IX of the Boundary Waters Treaty.

(e) The Senator Dirksen proposal for establishing a joint United States - Canada Commission to supervise the experiments contemplated under H.R. 1.

(f) How otherwise to meet Canadian objections to H.R. 1.

During the discussions in Washington, the following points were made:

(1) The State Department was asked on what authority in international law the U.S. presumed to withdraw additional water from the Great Lakes Basin.

(2) It was emphasized that no amendment to H.R. 1 would overcome the basic Canadian objection that the proposal contained in the bill was an unilateral action. In this connection the case of the Long Lac and Ogoki diversions was cited as an example of how the Federal Government refused to permit the Government of Ontario to vary the level of the Lakes until agreement had been reached with the United States.

(3) Canada objects to any action which would have an adverse effect on levels and flows as far east as Quebec City.

(4) It was explained that Canada could not comprehend any purpose in carrying on an experiment at Chicago unless it was the expectation of its proponents that it would show the beneficial effects of additional diversions in perpetuity. Therefore, the real issue is the proposal for an increased diversion of an unlimited amount of water from the Great Lakes Basin in perpetuity.

(5) It was also explained that the series of agreements and understandings between the United States and Canada over the years constitute a régime which both countries have sought to respect and that, if either country were to derogate from that agreed régime, pressures on the other side would result in corresponding unilateral action, the end result of which would be chaos.

In preparation is a draft of a memorandum which might be given to Mr. Wigglesworth as a summary of the Canadian position on these various points.

The Water Resources Branch, Department of Northern Affairs and National Resources, is preparing hydrographic and topographic material to demonstrate the tremendous engineering difficulties that would have to be overcome to divert substantial quantities of water from Northern Ontario into the Lakes. This material could be presented as a gesture but, in its presentation, it might be thought desirable to emphasize the fact that Canada could hardly be expected to make up out of its own resources the losses to the Great Lakes occasioned by action taken by a single United States community.

The provincial briefs, promised by Mr. Macaulay and Mr. Johnson have not yet been received, but we hear indirectly that work on them is going forward.

A.E. RITCHIE
for Under-Secretary of State
for External Affairs

6E PARTIE/PART 6

AMÉLIORATION DU CANAL DU LAC ÉRIÉ
LAKE ERIE CHANNEL IMPROVEMENTS

300. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

DOCUMENT NO. 430-59 [Ottawa], December 28, 1959

CONFIDENTIAL

PROPOSAL TO UNDERTAKE CHANNEL IMPROVEMENTS AT THE WESTERN END OF LAKE ERIE

The United States Embassy has proposed that the Pelee Island Passage at the western end of Lake Erie be dredged to Seaway depth. The purpose is to improve the navigation route from the Welland Canal to Windsor and Detroit, and this would be an advantage to all shipping through Lake Erie. The proposed project is an essential part of the dredging required in the interconnecting channels to make these conform with Seaway standards as far as width and depth are concerned. The United States has offered to pay the full cost of the project.

2. Since the United States Government previously assumed responsibility for the cost of improving the channels in the Upper Great Lakes, the present proposal is in accordance with past practice.

3. The Pelee Island Passage project is similar to the Southeast Bend project in that both are physically located in Canada. Following interdepartmental discussion a draft note, based on the principles evolved in the Southeast Bend project, has been prepared in reply to that received from the United States Embassy. A copy of this draft is attached.†

4. A provision for the employment, in approximately equal numbers, of Canadian and United States labour was included in the agreement covering the Southeast Bend project, an operation involving about 100 men. The Pelee Passage project involves only some 24 men most of whom will be permanent personnel for dredges. In view therefore of the small numbers of men involved it may not in fact be possible to divide the labour equally. It will be noted however that paragraph (h) in the draft reply provides for approximately equal employment for United States and Canadian labour. The National Employment Service will have to determine in conjunction with the United States Army Corps of Engineers what can in fact be done.

5. The dredging operations to be undertaken in conjunction with the Pelee Island Passage are of an unusual character in that it will not be known until underwater blasting has been done whether there will be any necessity for future maintenance work. In consequence no provision has been made in the draft reply regarding maintenance of the completed channel as this can be best determined at a later date.

6. The question of the location of dumping grounds has been the subject of informal discussions between the Department of Public Works and the United States Army Corps of Engineers. Agreement on this question has now been reached and a map indicating the location of the dumping grounds will be attached to our reply to the United States note.

7. The remaining clauses of our draft reply are identical in effect to the corresponding ones in the Southeast Bend agreement.[320]

Recommendation

8. That Cabinet approve that the Pelee Island Passage project be agreed to subject to the conditions described in the attached draft reply to the United States Embassy.[321]

H.C. GREEN

7E PARTIE/PART 7

LES PYLÔNES RADIO À FORT CHURCHILL
FORT CHURCHILL RADIO TOWERS

301. PCO/A-25-3(a)

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

UNCLASSIFIED [Ottawa], September 11, 1959

ESTABLISHMENT IN THE FORT CHURCHILL AREA OF TWO RADIO TOWERS TO BE USED IN A STUDY OF RADIO PROPAGATION IN THE ARCTIC

Attached is a copy of a Note dated July 22 from the United States Embassy, requesting the concurrence of the Canadian Government in a two year study of radio propagation in the Arctic, which the United States National Bureau of Standards wishes to undertake.

You will note that in part, the study would consist of recording the strength of radio signals received by antennae on towers which would be constructed in the Fort Churchill area. This receiving area, however, would only be one of eight; the others are to be constructed at various points in Alaska and the continental United States. These stations will record radio signals transmitted at high frequencies from Keflavik, Iceland, and a point in northern Norway, probably Bdo.

The Defence Research Board have for many years been engaged in the investigation of radio wave propagation in the Arctic and have maintained very close working liaison with the United States authorities and agencies concerned in this field. Much scientific data has been exchanged to the mutual advantage of both Governments. The Defence Research Board feels that the results of the study planned by the National Bureau of Standards will be of considerable interest to Canadian scientists, particularly if the data obtained at Fort Churchill are compared with that obtained at United States locations and the overall results are compared with other forms of radio data obtained at Canadian ionospheric stations. On the basis of scientific interest, potential value to Canadian efforts in allied researches, and the overall importance of radio to communications in the north both for our own and for joint Canadian-United States defence projects, Mr. Pearkes is prepared to give his approval.

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[320] Voir le volume 25, les documents 230 à 233./See Volume 25, Documents 230-233.

[321] Approuvé par le Cabinet le 30 décembre 1959./Approved by Cabinet on December 30, 1959.

We have consulted with all the Departments which might have an interest in this matter, and have drafted the attached reply† for your initials, if you agree. This reply incorporates the various comments we have received as well as those of this Department. For the most part the conditions spelled out in this Note are those which have become standard in recent agreements covering major joint defence projects. The entire cost of this study, the erection of towers and the equipment required will be borne by the United States Government, and the information obtained will be made available to Canada. The two National Bureau of Standards employees who will operate the facilities will be responsible to the appropriate Canadian authorities at Churchill.

With regard to the construction of the towers, we have been given to understand that they have been specially designed for this study by the National Bureau of Standards and are not of a type commercially manufactured in the United States or in Canada. They have been built to NBS specifications by a United States concern, but will be erected by a local Canadian contractor who will have the assistance of a technician of the National Bureau of Standards. The rock anchorage and foundation work will also be done by a Canadian contractor, as will the construction work related to the access road and the small power building. The Department of Defence Production have also agreed that we should not insert the usual electronic equipment clause, as all such equipment for this study has been specially designed and built by the National Bureau of Standards itself and is not manufactured commercially in either Canada or the United States.

I recommend that you approve this project for the following reasons:

(a) It will provide Canadian scientists with an opportunity to gain additional knowledge on radio propagation in the Arctic and thus supplement work they have done on some aspects of the problem. Such knowledge has obvious defence and civil implications.

(b) In view of the special nature of the equipment required for this study, it would not be practicable to attempt to duplicate it so as to enable Canadian scientists to carry out a similar study, and the Defence Research Board are not interested in allocating personnel to man the proposed facilities at Churchill.

(c) All the construction work in Canada will be done by a Canadian contractor.

(d) The facilities will be operated under overall Canadian supervision.[322]

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassade des États-Unis

Note by Embassy of United States

No. 25 Ottawa, July 22, 1959

The Ambassador of the United States of America presents his compliments to the Secretary of State for External Affairs and has the honor to request the authorization of the Canadian Government for an important study of radio propagation in the Arctic proposed by the United States National Bureau of Standards and sponsored by the United States Navy. It is understood that Dr. J.H. Meek, Deputy Director of Physical Research, Canadian Defence Research Board, has been informed in detail of this proposed study.

[322] Le Cabinet a approuvé la construction du pylône radio à Fort Churchill le 17 septembre 1959.
Cabinet approved the radio tower construction at Fort Churchill on September 17, 1959.

In part the desired study would consist in the recording over an estimated two-year period of the strength of radio signals received by antennas on towers which would be constructed in the Fort Churchill area on a site to be approved by the Royal Canadian Air Force and the National Harbours Board. The equipment planned for this project weighs approximately 35,000 pounds and would consist of:

1 280-ft. tower with receiving antennas
1 140-ft. tower with receiving antennas
1 trailer with radio receivers, recorders and calibration gear
1 jeep or jeep station wagon
2 15 KVA diesel generators.

The equipment would be operated by one or two United States citizens who would work either directly for the National Bureau of Standards or for a contractor employed by the National Bureau of Standards and who would be logistically supported by the local United States Navy Commander. It may also be necessary from time to time for other United States technicians to visit the site for calibration and repair purposes. Upon completion of the proposed study, the antennas would be dismantled and removed, unless the Canadian Government desires that they remain, in which case they would be turned over to the appropriate Canadian authorities. All other gear would be mobile.

Canadian participation in this project would be welcomed but in any case the information obtained would be made available to Canadian officials.

Should the Canadian Government approve this request for a study in the Arctic, the antennas would be shipped immediately in order that construction could be completed before the beginning of winter. The rest of the equipment would be ready to ship about the 15th of August.

The Ambassador would appreciate the consideration of the Canadian Government with a view to granting its permission for this study, including the shipment into Canada of the necessary equipment and the erection of the towers described above.

8E PARTIE/PART 8

STATION DE REPÉRAGE DES SATELLITES
SATELLITE TRACKING STATION

302. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

DOCUMENT NO. 330-59 [Ottawa], October 21, 1959

CONFIDENTIAL

PROPOSED SATELLITE TRACKING STATION
NEAR ST. JOHN'S, NEWFOUNDLAND

On September 1 after preliminary discussions between representatives of the United States National Aeronautics and Space Administration and of the National Research Council and other Canadian agencies, the United States Embassy submitted for consideration a draft note

and annex which would constitute an agreement respecting the establishment of a minitrack satellite tracking station near St. John's, Newfoundland. The draft note and annex are still under consideration by the departments and agencies concerned, but it does not appear that there will be any major difficulties. On the recommendation of the President of the National Research Council the project has been endorsed in principle by the Chairman of the Privy Council Committee on Scientific and Industrial Research. In my opinion, from the point of view of our general relations with the United States as well as the relations between the scientific agencies of the two countries the project is desirable, subject to agreement on satisfactory terms and conditions. The purpose of the present submission is to raise for consideration the question of Canadian participation in the financing of the station. The complete draft note and annex will be submitted to Cabinet in due course.

The proposed station would be one of four (the others being planned for Alaska, North Dakota, and Norway) to be added to the network of 11 established by the United States for the International Geophysical Year (located in Australia, the Union of South Africa, Chile (2), Peru, Ecuador, and the West Indies (2), as well as three in the United States). The purpose of the additional stations is to enlarge the capability for tracking satellites with more northerly orbits than those launched during the IGY. In this connection there would not appear to be a requirement for more than one station on Canadian territory.

The United States proposal envisages the construction of the station by Canadian contractors and its operation by Canadian personnel who might number 25 to 28 under a Canadian contractor which might be a university or an electronics or other corporation. The contracts would be let by the Canadian Commercial Corporation on behalf of NASA. NASA is prepared to pay for the entire project including the operation as well as construction and equipping.

Information provided by NASA on costs, based upon their experiences with other stations and not necessarily reliable for application to St. John's indicates that construction might run around $150,000, the provision of equipment around $250,000. The figure for annual operation would be for minimum salary and maintenance requirements and additional experiments might increase this by another $100,000.

There is some similarity between the present project and certain defence installations in regard to which it was decided that it would be desirable for Canada to assume operational responsibility. It is not, however, a defence project, although the Defence Research Board will have a requirement for tracking facilities about 1961 when the satellite they are to instrument is launched by the United States. Nor will the station be a self-contained unit: the raw data acquired by the St. John's station must be reduced to useful information. This will be done at the NASA Data Reduction Centre to which all tracking stations in their network are linked. While Canada could erect a station as a solely Canadian project, the data reduction would require scientific manpower on a scale which would not be justified by Canadian needs.

I share the view of the President of the National Research Council that it is desirable that Canada should be in a position to get up-to-date information on satellite activities by virtue of our own contribution rather than by dependence on the goodwill of the United States. I consider that our cooperation should go beyond the provision of land and administrative assistance in the initial arrangements and include the assumption of the responsibility for the operation of the station. I consider further that the costs involved should be regarded as a special additional obligation, rather than a charge against the regular budget for scientific activities.

I therefore have the honour to recommend:

That the agreement regarding the satellite tracking station at St. John's, Newfoundland be drafted so that the costs of construction and equipping of the station shall be the responsibility of the United States and the costs of operation shall be the responsibility of Canada.[323]

[H.C. GREEN]

[323] Approuvé par le Cabinet le 20 novembre 1959. Pour le texte de l'accord officiel, voir Canada, *Recueil des traités*, 1960, n° 19.
Approved by Cabinet on November 20, 1959. For the text of the official agreement, see Canada, *Treaty Series*, 1960, No. 19.

CHAPITRE V/CHAPTER V

EUROPE DE L'OUEST
WESTERN EUROPE

PREMIÈRE PARTIE/PART 1

COMMUNAUTÉ ÉCONOMIQUE EUROPÉENNE
EUROPEAN ECONOMIC COMMUNITY

303. DEA/12447-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 135 Brussels, February 25, 1959

CONFIDENTIAL. PRIORITY.

Repeat London, Washington, NATO Paris, Paris, Rome, Bonn, Geneva, Hague, T&C Ottawa, Dept of Finance, Bank of Canada (Information).

FTA — COMMON MARKET COMMISSION VIEWS

I called informally on Rey who is the member of EEC Commission responsible for External Relations: Mansholt's imminent visit to Canada gave me a good chance to do so.[324]

2. Rey spoke first of his frequent contacts over the years with Dana Wilgress at OEEC, GATT and elsewhere and of his consequent awareness of the importance which Canada attached to liberal multilateral trading policies. The Commission, said Rey, also attached the greatest importance today to finding a multilateral solution which would facilitate a close association between the Six and the other major trading powers of the free world. The Commission's report which was in its final stages of preparation[325] would not repeat not be devoted to recommending any specific plan exclusively for the Seventeen. In Rey's own words the Commission hoped to show the way towards a new co-operation between the Six, the UK and the North American continent. The over-riding objective should be to keep the free nations of the West economically strong and politically united. He suggested that to some degree the UK had been deceived by promises which the Six had made when they sought the forbearance and patience of outsiders during the delicate negotiation and pre-ratification stages of the Rome Treaty. Since that time the issues had been niggled down in a spate of frustrating technical meetings; and the present state of negotiation for an FTA was pretty close to failure. Like Snoy, Rey felt the need for raising the question back to the broad political level from which it had been launched. Rey intimated that the Commission's report might point in such a direction.

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[324] Mansholt se rendit à Ottawa le 4 mars. Il devait rencontrer des ministres et des fonctionnaires, mais son avion fut retardé et la rencontre fut annulée.
Mansholt visited Ottawa on March 4. He was to have met with ministers and other officials, but due to the late arrival of his flight the meeting was cancelled.

[325] *Premier Memorandum de la Commission de la Communauté Économique Européenne au Conseil des Ministres de la Communauté, en exécution de la décision du 3.12.58, relatif aux problèmes posées par la création d'une Association économique européenne,* COM (59) 18 rev. 2.

3. The report itself would not repeat not be secret although agreement had not repeat not yet been reached on way in which it would be released. Rey then expressed certain Commission views on some points rumoured to be in the report. He did so with conviction, which suggested to me that he was fairly certain from his soundings with individual Common Market governments that the final recommendations in the report would emerge along the lines of his comments.

4. It is the view of the Commission that all quotas must disappear in the near future. Rey emphasized that he meant general liberalization and not repeat not just OEEC liberalization. (Christofas of the UK Mission to the communities told us that a similar view had been expressed in London during Hallstein's visit last week although we were interested to see that paragraph 4 of CRO's memorandum quoted in London's telegram 547 February 19† suggested that Commission was less optimistic about removal of quotas on a wider field than OEEC.)

5. The Commission, according to Rey were not repeat not sure that comparable progress could be made in abolishing tariffs on a multilateral scale. The important thing was to ensure that tariffs were kept as low as possible; and GATT held out the bargaining mechanism by which tariffs (including the common external tariff of the Six) could be brought down by negotiation.

6. From these comments of Rey's which struck me as extremely outward looking and liberally inclined, I also gathered the following general impressions. There is of course no repeat no way of measuring the influence of the Commission at this stage and the degree to which its view will be accepted by individual governments of the Six.

(a) The Commission is less inclined than public opinion in the community and even some national officials of the Six, to doubt UK motives today. Rey was aware of difficulties which would have to be faced on this score with French, but his remarks suggested that Commission had some hope of overcoming the French objections.

(b) The Commission would like to lend its full support to removal of quotas probably along lines favourable to the USA and ourselves although French and German pressure for discrimination may continue to be strong.

(c) The common external tariff will have to be brought down in GATT by negotiation. Rey's comments suggest that while Commission favoured low tariffs, there would be strong pressure within Community to set tariffs high, particularly if quotas were to disappear.

(d) The Commission's report on March 1 may be drafted in such a way as to hold out an opportunity for the leaders of the West to reinsert some vital political drive behind the association of the Six with other major NATO trading partners. This would reflect desire of Commission to avoid a split in Europe but at the same time extend the solution beyond merely a new preferential association in Europe. Rey was thinking in terms of importance of Atlantic community in which Six could be an influential and well-disposed partner.

7. All the Belgians I have talked to who have influence in the negotiations — Rey, Snoy, Van Offlen and Forthomme — see the need to recapture the original breadth of outlook in European integration and are trying to find the best way to do it.

[SYDNEY] PIERCE

304. DEA/12447-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Belgique

Secretary of State for External Affairs
to Ambassador in Belgium

TELEGRAM ET-659 Ottawa, May 20, 1959

CONFIDENTIAL. PRIORITY.

Repeat Paris, Bonn (Priority), Rome, Hague, (Information), NATO Paris, Geneva, Washington, London, T&C (Warren) (Priority).

COMMON MARKET LIST

As soon as convenient after receiving this message please arrange to leave with government to which you are accredited a copy of aide-mémoire text of which follows. Begins:

It is understood that the member states of the European Economic Community will be taking major decisions over the next few months with respect to the level of the proposed common external tariff. The Canadian Government wishes to take this opportunity to remind the member states of the great importance which these decisions may have for their commercial relations with Canada and other outside countries.

The Canadian Government has, on previous occasions, expressed its general views regarding the provisions of the Rome Treaty respecting tariffs, import restrictions, agriculture and the association of the overseas territories. In these representations the Canadian Government has had in mind the common interests of Canada, the member states of the Community, and world trading countries generally in ensuring progress in the reduction of impedements to international trade within the framework of established multilateral trade relations.

The Canadian Government wishes to refer particularly on this occasion to the decisions to be taken by the member states of the European Economic Community regarding the rates of duty to be established for the common tariff on products enumerated in List G annexed to the Treaty of Rome. Many of the List G items are basic raw materials for industry, and the Canadian Government wishes to urge the six countries to take fully into account in determining these rates the importance of these products in world trade and the implications for the commercial relations between the countries of the Community and countries outside the Community if high rates of duty were established on these items. The items in List G account for nearly 20 per cent of total Canadian sales to the markets of the member states, including many major traditional Canadian exports of industrial raw materials. For example, Canada has a major interest in the trade in synthetic rubber, aluminium, lead and zinc and other minerals, pulp and lumber and other products such as vegetable oils and salt cod. Canadian exports of List G items to the markets of the member states of the Economic Community amounted to over dollars 70 million by value in 1958 out of total Canadian sales of dollars 420 million to the Community. Furthermore, the Common Market is particularly important to Canadian exporters of certain of the List G products. 25 per cent of Canada's total exports of synthetic rubber are sold in the markets of the Six. The corresponding figure for soya bean and rape seed oils is 35 percent; for pulp wood about 15 percent and for salt cod and aluminium about 10 percent.

Many List G items at present are subject to duty-free or very low rates of duty on their entry into most European markets. In many cases these rates have been negotiated under GATT and bound against increase in return for reciprocal concessions in the Canadian tariff. The maintenance of duty-free or very low rates of duty for these products will be of great importance to the further development of Canada's trade relations with the EEC, and the Canadian Government would be seriously concerned if the rates of duties established for these products in the Common Market tariff were to disturb or impair these mutually advantageous trading arrangements. It should also be noted that low tariff levels would be in the interests of the EEC itself as one of the world's leading industrial and trading areas and would be consistent with the Community's responsibilities in contributing to the expansion of world trade and to the strengthening and furtherance of GATT objectives. The Canadian Government hopes that the decisions to be taken by the members of the Economic Community in this respect will take the above considerations fully into account.

2. Brussels please arrange for transmission of aide-mémoire to Chairman of European Economic Commission as well as to Government of Luxembourg. For this purpose the aide-mémoire may be recast as a note at your discretion.

3. To Washington and London: At your discretion you may inform USA and UK authorities of what we are doing and may leave with them texts of the aide-mémoire.

305. DEA/12447-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM Ottawa, June 10, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel 1738 May 30.†
Repeat T&C (Schwartzmann) (Information).

CLC SUB-COMMITTEE ON EUROPEAN TRADE ARRANGEMENTS[326] — MEETING ON JUNE 11

In reply to the queries in your paragraph 5 we have the following preliminary comments:

(i) The list of commodities before the group appears quite comprehensive. We would suggest the addition of rye, salt fish and outboard motors to the list at this stage. We assume that you will have the opportunity to add commodities to the list as and when additional problems emerge.

[326] Le Sous-comité du Comité de liaison pour les relations commerciales avec l'Europe du Conseil consultatif économique du Commonwealth a été constitué au début de mai et investi du mandat suivant : « In the light of the establishment of the EEC to consider the technical and economic problems of securing adequate access for Commonwealth countries to European markets. » Voir télégramme de Londres à Ottawa 1458, 8 mai,† MAE 4901-W-40.
The Commonwealth Economic Consultative Council Sub-Committee of the Commonwealth Liaison Committee (CLC) on European Trade Relations was established in early May with these terms of reference: "In the light of the establishment of the EEC to consider the technical and economic problems of securing adequate access for Commonwealth countries to European markets." See London to Ottawa telegram 1458, May 8,† DEA 4901-W-40.

(ii) We are preparing memoranda on the QR or quota position applicable to the dollar area for listed imports into the Six of interest to Canada.

(iii) We are also preparing memoranda on bilateral arrangements of the Six which affect trade in commodities of direct interest to Canada.

(iv) See our comments below.

2. With reference to your query on apples in paragraph 4 our understanding is that the common tariff will fluctuate seasonally between 7 and 15 percent. The main competition, of course, comes from Italy, and a tariff advantage in Italy's favour will doubt cause difficulties for Canadian exporters. Of equal concern with regard to apples is the possible effect of agricultural arrangements and QRs.

3. With respect to your paragraph 5 (iv) we have the following preliminary comments. As you know our existing exports to the Six in the years 1957 and 1958 were roughly of 40 percent agricultural products (wheat, coarse grains, flaxseed, rapeseed, hides, apples, tobacco); about 23 percent of ores and metals (aluminum, iron, copper, lead, zinc and nickel); about 5 percent each of forest products, asbestos, and chemicals (synthetic rubber, polysterene, synthetic resins); and about 13 percent of aircraft and parts. Other items include canned fish, salt fish and canned fruit. Exports over the last two years averaged about dollars 416 million annually representing about 10 percent of total Canadian exports. In addition to the impact of EEC arrangements on this volume and pattern of trade, the EEC arrangements will also affect our opportunities to develop new exports to those countries, where many possibilities have not repeat not been open to our exporters over the last decade, owing to import controls.

4. On the subject of EEC tariff measures, you have the views contained in our aide-mémoire on List G. The actual effect of EEC tariffs on List G items cannot repeat not be evaluated until the tariffs are made known. However, we would consider to be restrictive a common tariff which did not repeat not fully reflect the existence of duty-free entry, or of very low existing duties in our main EEC outlets for these materials. Primary aluminum is a good example. France and Germany have suspended duties for a large proportion of their imports, and duty rebates have been paid on the bulk of our sales to Italy. Thus anything other than duty-free entry would be restrictive, in part because the resulting high prices would have an adverse effect on the growth of consumption. Of course duties on the full value of items such as aluminum ingot could be appraised as a proportion of the smelter's margin, and what might superficially seem to be a low tariff levied on the whole value of the ingot could in reality constitute a restrictive tariff. For your own information, while we have this consideration in mind it is not repeat not necessarily one we would use in actual negotiations. Aluminum, of course, is one example of an important group of products on List G. In this connection, you will have available considerable background information in the report of the GATT Working Party on the Association of Overseas Territories (L/805/add Aug 11/58).[327]

5. In connection with List F of the Rome Treaty, we have the following comments. Canned salmon: a common tariff of 20 percent would likely restrict our sales, particularly to Benelux where the existing 15 percent tariff has been suspended in past years. A duty of 20 percent would mean higher prices for consumers in Benelux and Italy. Flax-seed and rape-seed: duty-free treatment is provided for in the common tariff. While this represents the removal of existing French and Italian duties, it is not repeat not expected to result in an expansion of sales of these oil-seeds. Unmanufactured tobacco: The common tariff of 30 percent is apparently intended to protect producers in overseas territories as well as Italian and German producers.

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[327] *Report of the Working Party on the Association of Overseas Territories with the European Economic Community including commodity trade studies* (Geneva: Contracting Parties to the General Agreement on Tariffs and Trade, 1958).

We consider 30 percent for tobacco to be restrictive, and would like to see a substantially lower duty (the GATT consultations on this commodity will provide you with background: Reference our telegram E-185 to Geneva February 4/58).† Hides and skins: Duty-free entry under the common tariff constitutes no change. Primary copper, including unwrought copper: Duty-free entry constitutes virtually no change in existing tariffs.

6. Within the EEC, Germany and Benelux are important markets for Canadian exports of manufactured and chemical products, which represent around 10 percent of our exports to these countries. Germany and Benelux are relatively low-tariff countries which are likely to raise their duties when implementing the common tariff. The products we have in mind include chemicals, office machines, electrical apparatus, gas engines, parts of farm implements, and synthetic fibres, where markets could be developed as import controls are relaxed.

7. We note that you expect to obtain information from the Wheat Board respecting the effect of EEC arrangements for wheat. While a common tariff of 20 percent on wheat is unreasonably high, our main problems are likely to be connected more with agricultural arrangements such as bulk contracts for wheat and coarse grains.

8. EEC non-tariff measures: The bilateral French-German grain agreement is specifically mentioned as an example. This agreement was completed in accord with Article 45 of the Rome Treaty. This grain agreement provides for the importation of increasing quantities of French grain into Germany, and at increasing prices until the German domestic price is reached, or until the common organization envisaged in Article 40 of the treaty is ready to assume its functions. The increases in quantity are substantial, from 700,000 metric tons in 1959 to 825,000 metric tons in 1962. There is a provision that quantities which France cannot repeat not supply shall not repeat not be transferred to the following quota year. Our experience, however, indicates that France will endeavour to fill the quota each year, if necessary by importing grain from third countries, such as the USSR for consumption in France. Our impression is that France would like to export as high a proportion of milling wheat as possible under the quota, which provides for some 325,000 tons of filler wheat.

9. We consider this agreement to be disturbing in itself, and an indication of the nature of the prospective agricultural arrangements of the Six. Such long-term contracts could be used for a number of products and could place outside countries in the position of marginal suppliers, to be permitted entry only after EEC surpluses have been marketed. It is obvious that a guaranteed larger market for French grain in Germany, at high prices, will impinge on imports into Germany from third countries, and will moreover tend to encourage uneconomic production in France. Moreover, the German obligation to import large, specified quantities from France constitutes an incentive to maintain, rather than to relax German import restrictions.

10. Our attitude towards the use of QRs by the EEC countries under conditions of external convertibility is of course familiar to you. It is by no repeat no means clear as yet what course the Six will follow with respect to controls on imports from third countries. The maintenance of import controls at current levels could not repeat not be regarded as other than restrictive.

11. We will need to develop our comments further on bilateral agreements between the Six and other countries at a later stage. At this stage you should be guided by our views on European trade arrangements expressed at the Commonwealth Economic Consultative Council, as found for example in the plenary records for May 6 and May 8, where the possibilities of a multilateral approach to the Six within the framework of GATT and other international organizations were noted.

12. Much of the foregoing also applies to the question of discrimination in favour of OEEC countries, and to the Swedish FTA proposal. We assume these topics will be considered at a later stage.

13. We have in mind, of course, the fact that when negotiations for the larger European Free Trade Area were in progress it seemed likely that special arrangements for agriculture would evolve, and we were concerned as to the nature of these arrangements. We would wish to know something more about the way proposals to handle specific sectors of trade, such as agriculture, develop before drawing conclusions about the effect of the limited FTA on the Commonwealth position in the UK market. In the meantime, however, it is possible to note that the smaller FTA would involve the loss of some preferences of interest to us. If agriculture were not repeat not excluded, for example, we would lose preferences on oats, barley, cheese, bacon, pork and eggs. We would lose a preference on paper other than newsprint, and a small preference on lumber, as well as preferences on lead and zinc. We would, of course, also lose preferences on most manufactured products, such as clocks and watches, cars, etc., vis-à-vis the other members of the smaller group. While such sacrifices would not repeat not be as extensive as in the case of the larger proposal, they are nevertheless noteworthy in view of the fact that members of the limited FTA compete in many of these items. The matter of reverse preferences on a few items such as clocks and watches, cars, whisky, tobacco, and synthetic textiles might also arise.

14. The above comments are preliminary. It is obvious that our evaluation of the effects of EEC measures on Canadian trade will need to be made at least on an item by item basis, as information becomes available.

306. DEA/12447-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 334 Brussels, June 22, 1959

CONFIDENTIAL. PRIORITY.

Reference: Our Tel 323 Jun 18.†
Repeat London, Washington, NATO Paris, Paris, Rome, Bonn, Geneva, Hague, T&C Ottawa, Dept of Finance, Bank of Canada (Information).

COMMON MARKET — LIST "G"

Today I gave Rey at the Commission a copy of the aide-mémoire contained in your telegram 797 June 15.† Rey said that he appreciated that the extent of Canadian interest in the Western European market made it essential to us that we should join in any GATT consultations with the Six on aluminum, lead and zinc: and he foresaw no repeat no difficulty to our participation.

2. We then asked Rey how and when outside countries like Canada could make known their views effectively to List "G" negotiators. He said that when this question had been raised earlier last year in the Maudling Committee[328] it had been agreed that the Six would submit tentatively their List "G" schedules to the other OEEC countries before they were finally adopted. This proposal however, was no repeat no longer active. The timetable enforced by the

[328] Voir volume 24, chapitre 4, première partie, principalement les documents 471, 482, 484 et 485. See Volume 24, Chapter 4, Part 1, especially documents 471, 482, 484, 485.

acceptance [sic: discussion] of the Dillon proposals[329] left the EEC little leeway for consultation with outside countries short of the actual GATT negotiations themselves. Rey said the various List "G" sub-committees had now completed their preliminary findings and over the next couple of months industry throughout the EEC would be consulted. If there was to be any opportunity for prior consultation on List "G" with outside countries before GATT (and this was a course that Rey maintained he personally favoured) it was not repeat not likely to be before the autumn.

3. We think what Rey said bears out conclusions in paragraph 6 of our telegram 323. We interpreted the comments to mean that there was going to be little chance except perhaps on a last-minute, perfunctory basis, for discussions with the List G negotiators in Brussels. This question however, had not repeat not been categorically decided and Rey suggested that he would be consulting his colleagues and that we might perhaps receive a more specific answer later.

307. DEA/12447-40

L'ambassadeur en Belgique
au secrétaire d'État aux Affaires extérieures

Ambassador in Belgium
to Secretary of State for External Affairs

TELEGRAM 318 Brussels, June 12, 1959

CONFIDENTIAL. PRIORITY.

Repeat London, Washington, NATO Paris, Paris, Rome, Bonn, Geneva, Hague, T&C Ottawa, Dept of Finance, Bank of Canada (Information).

LIST "G" TARIFFS — ALUMINUM

T.E. Covel, Vice-President of Aluminum Sales Ltd., who has for some years been Aluminum's Washington representative is now responsible for Common Market developments and is spending most of his time in Brussels and other EEC capitals. He has already established contacts and acquired what seems to us a good knowledge of how matters stand generally and specifically in respect to aluminum.

2. As for aluminum, he thinks the Benelux countries are anxious to reach early decision on zero or very low tariffs. The French, and to some extent the Italians, are of course in the high-tariff camp. As for Germany, Covel confirms Bonn's view that they would like to delay a decision on the tariff. He had been told by the German Chairman of the Sub-Committee on

[329] À la treizième session du GATT, en novembre 1958, les États-Unis avaient proposé une nouvelle série de négociations, y compris des négociations tarifaires avec la CEE. Un comité (le comité I) fut chargé d'examiner cette possibilité; il se réunit en février et en mai 1959 et, à la suite de ses recommandations, une conférence fut convoquée en septembre 1960. Voir volume 24, document 174, et Douglas Dillon, « Strenthening the Economic Foundations of an Interdependent World, » *Department of State Bulletin*, Vol. XLI No. 1064 (November 16, 1959), pp. 703 à 708.
At the Thirteenth Session of GATT in November 1958, the United States had proposed a new round of negotiations, including tariff negotiations with the EEC. A committee (Committee I) was appointed to examine this possibility; it met in February and May 1959, and as a result of its recommendations, a conference was convened in September 1960. See Volume 24, Document 174, and Douglas Dillon, "Strenthening the Economic Foundations of an Interdependent World," *Department of State Bulletin*, Vol. XLI No. 1064 (November 16, 1959), pp. 703-8.

Aluminum that a compromise would probably emerge where the tariff might be set at about 5 percent.

3. On the more general issues, Covel said that he thought that aluminum, like other List "G" negotiations, was caught between a conflict of major strategy and minor tactics amongst the Six. At the policy level there is indecision between the Six as to how the Dillon proposals should be implemented; and there are also quite radical differences between themselves as to the future of a wider European economic association further complicated by the negotiations going on in Stockholm between the Seven. On these scores, but for quite opposite reasons, both the Dutch and the French have been reluctant at the top levels to give the List "G" subcommittees a green light to negotiate. In the subcommittees themselves there is the conflict of specific interests which would be expected. There is a danger, although slight, that decisions not repeat not altogether favourable to third countries might be taken in these subcommittees simply because the Six are still thrashing about in search of a policy. There is a greater danger that under French pressure the Six will delay setting List "G" tariffs until there is more evidence of whether or not repeat not the USA will bring meaningful concessions to the next general round of GATT tariff negotiations. We suggested, and Covel agreed, that real decisions on List "G" might well be taken as part and parcel of the implementation of the Dillon proposals.

4. As for the part we can play, Covel thought the aide-mémoire on the Canadian interest in List "G" submitted in May to the EEC capitals and to the Commission was helpful and well-timed. He had nothing further to suggest that we might do for the moment. There will no repeat no doubt be opportunities later and I am sure Covel will not repeat not hold back either with you in Ottawa or us here in enlisting our support when he thinks it might do some good for our common interest in a low community tariff. I have known and worked with Covel in Washington and feel his judgement can be relied upon.

5. Covel will be visiting Ottawa shortly to explain the general lines of the programme which Alcan intends to pursue with the Six. He is also anxious to talk to officials in Ottawa about the new consultations which Australia has proposed for aluminum at GATT. As he is well informed on Community matters generally as well as aluminum, I think some of the economic officers in the Department would find it worthwhile to talk to him when he is in Ottawa.

[SYDNEY] PIERCE

308. DEA/12447-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République fédérale d'Allemagne

Secretary of State for External Affairs
to Ambassador in Federal Republic of Germany

TELEGRAM ET-1015 Ottawa, August 10, 1959

CONFIDENTIAL. PRIORITY.

ADDITIONAL APPROACH ON ALUMINUM

Alcan have urged us to make new formal representations on aluminum tariff to Germany without delay before the German attitude on the Common Market tariffs is formulated. We have given consideration to the advisability in present circumstances of doing this. We think that it is most important that the Six should be fully aware at this particular juncture of our major interests in their markets. However any such approach cannot be disassociated from the next GATT steps when renegotiations of the common tariff will take place and new

concessions will be negotiated. We must be careful that our activities do not prejudice our bargaining position and unnecessarily raise the price for any future concessions. We are afraid that an excessive display of anxiety with respect to one or two specific items might have this effect. The Six are already aware of our concern about major sectors of our exports through GATT discussions, through representations already made to Six, as well as FTA negotiations in the OEEC where particular products were also discussed. With particular reference to aluminum, we have taken a leading part in the GATT Working Party's study of aluminum in connection with its examination of the problems raised by the Association of Overseas Territories and we plan to participate in consultations on aluminum.

2. In view of this and unless you feel otherwise we would not propose making new formal representations at this time. However you should speak to the ministers and senior officials concerned telling them of our interests in securing nil or very low rates of duty on List "G" items, with particular reference to aluminum. You should express hope that Germany will be pressing for low tariffs in the forthcoming negotiation among the Six.

3. To other six capitals — we are leaving to your discretion to decide whether you should make a similar approach.

309. DEA/12447-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 944 Paris, September 24, 1959

CONFIDENTIAL. PRIORITY.

Repeat T&C Ottawa, Dept of Finance, Bank of Canada from Ottawa, Washington, London, NATO Paris, Rome, Brussels, Hague, Bonn, Geneva, T&C London from London (Information).
By Bag Oslo, Copenhagen, Madrid, Stockholm, Berne, Vienna, Dublin, Lisbon, Athens, Ankara from London.

FRANCE, THE COMMON MARKET, AND TRADE DISCRIMINATION

Brussels telegram 492 September 17[330] asks whether the French are likely to be forthcoming with regard to dollar liberalization. M. Pinay told me last week (my telegram 909 September 16)[331] that he would be announcing shortly the new dollar liberalization list which has been awaited publicly for some time. Both M. Pinay and the officials engaged in the work of preparing liberalization measures appear to think that discrimination against the dollar area is out-moded and now unnecessary for the most part. Additionally, they show some concern over the USA balance of payments. The matter under consideration is the means by which discrimination shall be ended. M. Pinay said that he had been prepared for his part, to liberalize up to 98 per cent for the dollar area but his advisors considered this to be entirely impossible at the moment. Both Wormser and Clappier have defined for us at various times, the specific problems involving chemicals and machinery which they think preclude full dollar liberalization immediately. In some instances, for example USA capital was enticed some years

[330] Non retrouvé./Not located.
[331] Non retrouvé./Not located.

ago into constructing machine tool plants in France on the understanding that protection against USA imports would be afforded. It is our impression that such agreements were of a limited duration and probably will expire within a few years. This is exactly the problem we faced with synthetic rubber imports into France. The termination of such agreements might of course be hastened. In general, it seems fair to say that the French mood has changed; and their attitude now is not repeat not whether to liberalize, but when. I hope that we may see some fairly rapid and extensive action although we conceivably could finally be faced with a list of items which would be difficult to eliminate, as is the case with Germany.

2. In a somewhat related yet different field, there is the question of the French attitude towards certain products for which the Common Market tariff has not repeat not yet been established. Hague telegram 297 September 14,† refers to Covel's comments on the common tariff for aluminum. Covel called on us two weeks ago before and after discussions with the French, and came to see us again this week. We did not repeat not report his remarks at the time since we find that Covel's opinion changes too rapidly (not repeat not without some immediate reason since the Six have not repeat not yet synthesized their own positions let alone adopted a common one) to provide a firm basis for studying this problem. Covel told us that now the French were holding out for a high tariff. Several months ago you will recall he told us that the French would accept a low tariff, that the Italians wanted a high tariff, and that the Germans were open-minded. We asked Covel to what he attributed the change in the French position over recent months. He explained that the French technicians from whom he had obtained his earlier impressions had gone to Brussels for first discussions with a case based simply upon domestic economic interests. Later, however, from some quarter it was pointed out to these French economic officials that, politically, it was necessary for the African community to be taken into account by France when thinking of the Common Market. Therefore France must seek a high common tariff in order to protect the newly developing aluminum industry within the Community.

3. The point to be drawn from Covel's experience is clear, I think the French and probably the Belgians as well, while generally favouring the removal of tariff and other trade barriers as being in their own economic interest will occasionally stop short when it appears that they will be endangering existing or expected economic development in specific fields in their associated overseas territories. This is a problem which has been under study by GATT and the CPS for many months, but it is one which could appear in considerably more acute form in the future, as I suggested in my telegram 721 July 27.† In other words, it seems to me that while we can accept increasingly, but not repeat not without vigilance, the European contention that the Common Market will be non-protectionist in character, where the overseas territories are concerned political rather than economic factors may be of prime consideration for the Six. This will be shown increasingly, I fear, to be the chief difficulty posed by the Common Market for outside countries.

4. These two attitudes, the one towards dollar liberalization and the other towards associating the overseas territories with the Common Market, appear to be the dominant economic and political factors respectively in French foreign trade policy at this time and seem likely to remain so for some time. Consequently you may wish to keep them in mind during Wormser's and Clappier's visit.

[PIERRE] DUPUY

310. DEA/12447-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Belgique, à l'ambassadeur au Pays-Bas,
à l'ambassadeur en France, à l'ambassadeur en République fédérale d'Allemagne,
et à l'ambassadeur en Italie

Secretary of State for External Affairs
to Ambassador in Belgium, Ambassador in The Netherlands,
Ambassador in France, Ambassador in Federal Republic of Germany,
Ambassador in Italy

TELEGRAM ET-1459 Ottawa, November 13, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Tel ET-1392 Oct 28.[332]
Repeat Geneva, London, Washington, NATO Paris, GATT Del-Tokyo (Information).
By Bag Copenhagen, Stockholm, Oslo, Lisbon, Vienna, Berne, Canberra, Wellington.

EEC AGRICULTURAL POLICIES

Following at the end of this message is the text of an aide-mémoire on the agricultural policy of the EEC for presentation as soon as possible to appropriate officials in the foreign ministries of the six member countries and to the European Commission. As we understand the situation from Brussels telegram 624 November 10† the specific proposals of the Commission are likely to be made public within the next few days and to be examined by the Social and Economic Committee for perhaps as long as two months. Following this the proposals together with the comments of the Social and Economic Committee would be submitted to the Council of Ministers. We considered the possibility of delaying our formal representations until the proposals of the Commission were available in order to make our comments more specific. It seemed to us however that formal representations couched in fairly general terms might be most effective at this stage and that more specific comments might best be made later on an informal basis. The object of our representations is of course to influence as far as possible and along outward-looking lines the position of individual member governments of the Six and of the Social and Economic Committee before final decisions are taken. In this regard we would hope that our Embassy in Brussels could in some appropriate and informal way bring our concerns to the attention of influential members of the Social and Economic Committee over the next several weeks.

Text Begins:

Aide-Mémoire

Paris, November 17, 1959

EUROPEAN ECONOMIC COMMISSION AND THE SIX GOVERNMENTS OF THE EUROPEAN ECONOMIC COMMUNITY ON AGRICULTURE

The Canadian Government has followed with close interest the progress of the deliberations between Member Governments of the European Economic Community and in the European Commission with respect to the formulation of a common agricultural policy. It is understood that specific proposals and recommendations have been approved by the Commission and that

[332] Non retrouvé./Not located.

the Member Governments of the Community will be called upon to reach decisions on these proposals over the coming months. The Canadian Government wishes to take this opportunity to bring to the attention of the French Government, Canada's very important trade interests in the agricultural markets of the European Economic Community.

The importance of Canada of these markets may readily be appreciated from the following figures:

In recent years, the countries of the Community have absorbed close to 9 per cent of Canada's total exports — $421 million in 1958 — of which approximately 50 per cent were agricultural commodities. Wheat is the main export in this field and has accounted for 28 per cent of total Canadian exports to the Community; 30 per cent of total Canadian exports of wheat to world markets go to the Community. Coarse grains, tobacco, oil seeds, salt fish and canned salmon are other important Canadian agricultural exports to the Community.

The Canadian Government has noted with satisfaction that the rationalization of agricultural production and the raising of efficiency are mentioned first in the list of objectives of the Community. It appreciates fully the problems involved in making adjustments to existing agricultural arrangements. It is concerned, however, lest in formulating common arrangements for agriculture, the Members of the Community may adopt measures which would have the effect of inhibiting progress in removing discrimination and reducing restrictions on international trade, or of perpetuating or even intensifying existing restrictions. With rapid and sustained economic growth in E.E.C. countries and the substantial improvement in their trade-and-payments position, there is now an opportunity to eliminate discrimination, and to remove controls and restrictions on imports, which have hampered trade throughout the post-war period. The Canadian Government would expect that the E.E.C. countries will now take advantage of this opportunity and that the agricultural arrangements of the Six will be framed in accordance with these basic objectives. For example, the Canadian Government is disturbed by reports that the European Commission is considering the possibility of using quantitative restrictions on agricultural imports as an instrument of trade policy for the Community. The adoption of such a course by the Six could not fail to have serious implications for their general trade relations with other countries. The Canadian Government is also concerned lest centralized trading arrangements for staple items such as grain might be such as to restrict the access of similar Canadian exports to the markets of the Six; or that the development of minimum price arrangements, or long-term agreements, might involve the use of restrictive measures aimed at imports.

The forthcoming decisions of the Members of the European Economic Community in this field will be taken at a time when agricultural policies generally are being reviewed in the GATT and in other international forums and when the restrictive effects of agricultural protectionism on international trade are causing growing concern. These decisions will be taken against a background of rapid and sustained economic growth in recent years in the industrialized countries, particularly in Western Europe. The significance of these developments has been examined in the International Monetary Fund and in the GATT and it is generally agreed that trade discrimination should now be eliminated and that all restrictions should be relaxed as rapidly as possible.

In these circumstances, the common agricultural policy to be adopted by the Members of the Community is likely to exert a profound influence on the commercial policies of other major trading countries and on the development of international trade. The Canadian Government would hope that in their deliberations the Member Countries of the Community will take fully into account the legitimate trading interests of outside countries and that their decisions will make a positive contribution to the solution of the worldwide problem of agricultural protectionism.

311. DEA/12447-40

La délégation à la Conférence du GATT
au secrétaire d'État aux Affaires extérieures

Delegation to GATT Conference
to Secretary of State for External Affairs

TELEGRAM 956 Geneva, December 10, 1959

CONFIDENTIAL. PRIORITY.

Repeat T&C (Ottawa), Finance (Ottawa), London, NATO Paris, Paris, Washington, Rome, Hague, Brussels, Bonn (Information).

GATT CONSULTATIONS WITH SIX ON ALUMINUM, LEAD AND ZINC

The consultations with the Six took place as planned December 7-9. Separate agreed minutes were prepared on aluminum and on lead and zinc, and copies will be distributed in the next few days.

2. Representatives of the Six did not attempt to argue the case. They took the position that since the common external tariffs for these commodities have not yet been negotiated among the Six, it was impossible for other consulting countries to prove concrete damage. However, they undertook to report to their ministers the views expressed at the consultations and gave assurances that these would be taken into account in the negotiation of the common tariffs. The only point of real substance made by representatives of the Six was that some of them (e.g. Italy and France) imposed tariffs on aluminum, lead and zinc metals at the present time; and that the fixing of the common tariff at zero, as outside countries requested, would involve substantial concessions by the Six to third countries.

3. Australia took the lead in presenting the case for a zero tariff on lead and zinc and we presented the case for a zero tariff on aluminum. The other non-Six consulting countries expressed unanimous support for the positions taken by Australia and Canada and added some points of their own. The interests of outside less developed countries, particularly with respect to aluminum, were well presented by the UK, Jamaica and Ghana.

4. The agreed minutes contain a good account of the arguments unanimously put forward by the consulting countries other than the Six. In brief, the consulting countries urged the Six to avoid action which would lead to damage to the interests of outside suppliers of aluminum lead and zinc; and in each case the consulting countries considered that damage would ensure if the EEC tariff were set at a rate in excess of zero for either ores or metals.

5. It is not possible of course to assess the impact which these consultations will have on ministers of the Six. We can be confident however that the cases put forward by the outside supplying countries will be placed before ministers before the negotiations, and our impression is that the Dutch, German and some of the Belgian officials will make use of the results of the consultations in an attempt to ensure that zero or low tariff rates are adopted.

2E PARTIE/PART 2

ZONE EUROPÉENNE DE LIBRE-ÉCHANGE
EUROPEAN FREE TRADE AREA

312. DEA/9537-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM ET-811 Ottawa, June 16, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel 1622 May 23.†
Repeat T&C (Warren), Washington, Hague, Paris, NATO Paris, Bonn, Rome, Geneva, Brussels (Priority) (Information).
By Bag Oslo, Copenhagen, Stockholm from London.

CLC SUB-COMMITTEE ON EUROPEAN TRADE ARRANGEMENTS

1. In paragraph 2 of reference telegram you indicated that CLC Sub-Committee requested the considered views of Commonwealth governments on the Swedish proposal[333] by June 15. Following are comments you may make in response to this request:

2. Information received since May meeting of Senior Commonwealth officials[334] is not repeat not sufficient to enable us to refer matter to ministers for formulation of considered governmental views. We can however indicate basic considerations which will influence Canadian attitude. In appraising proposed arrangements we shall wish to take into account not repeat not only direct effects of such arrangements on Canadian trade with countries concerned but also implication of these arrangements in terms of a broader European settlement and in terms of trade relations and GATT generally. We would hope that generally low external tariffs of constituent countries will not repeat not be affected by FTA arrangements. We would of course be particularly concerned at any prospect of these new arrangements involving discriminatory use of import restrictions and would assume that UK itself would not repeat not be prepared to become a party to arrangements involving such discrimination. We have welcomed the indication by UK (as reported in a letter from UK Trade Commissioner in Ottawa dated June 5)† that they will seek to ensure exclusion of agriculture and fisheries from proposed arrangements. We could not repeat not be expected to acquiesce in restrictive agricultural arrangements as part of a new FTA and we will wish to ensure that our position in UK market is safeguarded.

3. In presenting above comments it would also be appropriate for you to refer to view we expressed at [May] London meeting that most effective way of resolving problems of intra-European economic relations would be for countries to concentrate their efforts on achieving

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[333] À l'initiative du gouvernement suédois, des pourparlers sur la formation d'une zone de libre-échange entre les membres du « groupe extérieur des sept » ont eu lieu à Saltsjöbaden, près de Stockholm du 1er au 14 juin.
On the initiative of the Swedish government, talks on the formation of a free trade area among the "Outer Seven" were held at Saltsjöbaden, near Stockholm, from June 1 to June 14.

[334] Voir/See MAE/DEA 8490-B-40.

reduction of tariffs and removal of restrictions and discrimination on a broad multilateral front through GATT and IMF. We would be concerned if creation of a FTA of the Seven were in any way to inhibit active policies designed to strengthen GATT and to influence Common Market in an outward-looking direction.

4. We understand that FTA negotiations may now be moving into a more definite stage and we hope that UK will be in a position to give Commonwealth countries a comprehensive report on the nature of proposed arrangements and on proposed objectives in relation to Common Market of the Six. In particular we shall be interested in knowing (a) what arrangements are being made on tariffs, QRs and on agriculture (b) what objectives will be pursued vis-à-vis Common Market and what is nature of longer term European settlement that is envisaged.

5. Our immediately following message† will provide you with factual and statistical data on possible direct effects of proposed FTA on Canadian trade for your guidance in the discussions.

313. DEA/9575-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM ET-826 Ottawa, June 19, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel 1928 Jun 15.†
Repeat Brussels, Geneva (Priority), T&C (Schwarzmann) (Information).
By Bag Copenhagen, Canberra, Wellington, Capetown from London.

FTA — UK TARIFF ON BACON

McGregor, UK Senior Trade Commissioner, also informed us yesterday that in trade talks between the UK and Danish Ministers to be held in London on Monday, June 22, that UK are prepared to offer the reduction or the elimination of the margin of preference for imports of Danish bacon.

2. Mr. Churchill and Mr. Harkness are of the view that strong representations should be made promptly and you should accordingly speak to appropriate UK authorities at first opportunity and leave an aide-mémoire along the following lines:[335]

A communication has been received from the UK representatives in Ottawa to the effect that, as part of the European FTA discussions now taking place, the UK Government is considering offering Denmark reduction or elimination of the UK tariff on bacon. It is understood that discussions on this subject will be taking place between UK and Danish Ministers on Monday, June 22.

2. The Canadian Government has, on repeated occasions, indicated the special importance it attaches to the safeguarding in full of Canadian agricultural trade interests in the UK market and recalls the assurances previously given by the UK Government about these interests. It was on the understanding that food, drink and tobacco would be excluded from the European FTA initially proposed by the UK, that Canada had been able to give its support to these arrange-

[335] L'aide-mémoire a été envoyé le 22 juin.
The aide-mémoire was sent on June 22.

ments. Similar considerations would apply in relation to Canada's attitude towards the FTA arrangements now being contemplated by the UK and certain other European countries.

3. It should also be recalled that Canada has, on various occasions, expressed her interests in regaining access to the traditional and important UK market for bacon. The preferential terms of access for bacon have been the subject of special arrangements between Canada and the UK. Due to the import restrictions applied by the UK, which are still in effect, Canadian bacon has been virtually excluded from the UK market, despite the existence of the margin of preference. It has been the hope and expectation of Canadian producers and exporters, and indeed of the Canadian Government, that these restrictions would be removed in the near future thus creating an opportunity for the resumption of this traditional trade.

4. It would therefore be a matter of serious concern if the present preferential tariff of 10 percent were to be reduced or eliminated; the Canadian Government accordingly trusts that its view will be taken fully into account by the UK Government.

5. We have spoken to McGregor in the sense of the foregoing and he will doubtless alert the Board of Trade about your approach on Monday.

314. PCO

Note du Bureau du Conseil privé pour le greffier du Conseil privé

Memorandum from Privy Council Office to Clerk of Privy Council

CONFIDENTIAL [Ottawa], June 25, 1959

STOCKHOLM MEETING OF THE OUTER SEVEN

It is now apparent that the formation of an FTA between the Outer Seven is moving forward in high gear.[336] Basic agreement was reached recently in Stockholm on most problems facing the formation of a free trade area, and included the following:

(i) Transitional period of 10 years.

(ii) An initial 20% tariff reduction on July 1, 1960. Eighteen months after this date, the situation will be re-examined to ascertain if the transitional period can be shortened.

(iii) The problem of origin has been overcome and exports will have to contain 50% of the total value produced in the exporting countries.

(iv) Agriculture: the Danes have been difficult on this point and U.K. authorities have offered Denmark free entry for bacon and blue cheese. We have let our views be known to the U.K. on the question of free entry for Danish bacon, while entry for Canadian bacon is precluded by the use of quantitative restrictions. The agricultural agreement will apply to Annex II of the Rome Treaty with some additions and deletions.

(v) A meeting of ministers will be held in mid-July to discuss final arrangements and any outstanding problems.

[336] Pour le communiqué émis après la conférence de Stockholm, voir *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 519 à 522. For the press release issued after the Stockholm conference, see *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 519-22.

It is apparent that these arrangements are moving forward at the present rapid rate of progress to make it as easy as possible to get some form of an association between the FTA and EEC countries.

Greece has recently sent a note to the EEC Commission hinting strongly that they desired to become associated with the Common Market. A U.K. official has said that one reason behind the FTA plans is to prevent some of the European underdeveloped countries, i.e., Turkey and Greece, from coming under both the political and economic influence of the Six.

At the meeting in Stockholm, the question of Canadian entry to the Outer Seven free trade area was discussed. However, in view of the British report that their attempts to work out a customs agreement with Canada had failed, it was decided that no approach would be made to us.

D. M[ORLEY]

315. DEA/9537-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET Ottawa, July 13, 1959

CANADIAN INTEREST IN U.K. BACON MARKET

The following account of recent discussions with the United Kingdom on bacon and pigmeat will illustrate some of the possible effects on Canadian trade with the United Kingdom, of the efforts to associate Denmark with the industrial Free Trade Area proposed by Sweden.

We learned a month ago that the United Kingdom was contemplating an offer to Denmark of some reduction, or even complete elimination of the 10% margin of preference in the United Kingdom tariff on bacon which Canadian producers might use to build up a position in the United Kingdom market. There are no United Kingdom tariff preferences bound to Canada, and therefore the United Kingdom has no contractual obligation to Canada to maintain this preference; however, in accord with the obligation to consult on such matters, the United Kingdom sought Canadian views. Mr. Harkness and Mr. Churchill felt that representations should be made promptly to urge the United Kingdom not to make this concession or, if they did, to remove the import restrictions which have been applied since 1939. Attached is a copy of telegram ET-826 of June 19 which was sent to London for this purpose.

Last Friday we learned from Earnscliffe that the United Kingdom had decided to remove the 10% tariff on bacon which, they said, had been put on mainly for revenue purposes and did not create any guaranteed margin of preference. The letter added that "the United Kingdom Government do, however, wish to show that they are mindful of the Canadian interest in supplying bacon to the United Kingdom market. Accordingly ... if the convention establishing a Free Trade Area of the Seven is signed, the United Kingdom Government will establish a dollar quota for pigmeat (excluding whole hams) of 10 thousand tons for 12 months. The method of allocating this quota between Canada and the United States and between traders in the United Kingdom will present complications and the authorities in the United Kingdom would like to discuss it urgently with Canadian and United Kingdom representatives in London."

Officials of the departments concerned will be consulting on this immediately to prepare recommendations for a reply. The first reaction of Trade and Commerce officials is that the proposed dollar quota might be of some value to Canada, but they would like to take up some of the points made in the United Kingdom letter. First, Canada might have expected an end of all restrictions on this trade, not merely the opening of a quota; further, it is not very satisfactory that this quota should be conditional on the setting up of the Free Trade Area of the Seven. Second, the United Kingdom assertion that the 10% tariff is only for "revenue purposes" does not square with the fact that this preference was established in 1955 to replace a contractual quota under the pre-war Canada - United Kingdom agreement. Third, it might be better for Canada not to have any firm allocation of the dollar quota as between Canada and the United States but to allow Canadian exporters to compete for the whole quota.

Mr. Plumptre of the Department of Finance will be in London this week and may have an opportunity for preliminary discussion of these matters with United Kingdom authorities.

We also learned from Earnscliffe that during the course of further negotiations with the Danes on July 6, 7, and 8, the United Kingdom authorities agreed to remove the tariff on canned pork luncheon meat (which will involve getting the agreement of Australia and New Zealand to release the United Kingdom from its commitments to them) as well as the tariff on canned cream. Furthermore, the Danes received an assurance that if agricultural quotas were re-imposed by the United Kingdom, Denmark would secure a fair share of these quotas.

We understand that on the basis of these concessions the Danish Prime Minister was to make a statement last Thursday in favour of Denmark's participating in the Free Trade Area of the Seven.

You will have seen Mr. Drew's telegram No. 2241 of July 10† (copy attached) in which he strongly recommends to Mr. Harkness that he be instructed to deliver a strong message very soon to the United Kingdom Government urging the complete removal of the restrictions on bacon, rather than agreeing to a quota.[337]

N.A. R[OBERTSON]

[337] Notes marginales :/Marginal notes:
O.K. H.C. G[reen]
SSEA entirely agreed with Mr. Drew's suggestion that a strong message pressing for removal of quantitative restrictions be sent to UK Govt. R. C[ampbell] 20/7.

316. DEA/9575-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM ET-951 Ottawa, July 23, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Tel ET-950.†
Repeat Washington, T&C Ottawa (Warren).

PIGMEAT

Following is the proposed text of a letter from the High Commissioner to Sir David Eccles:

Thank you for your letter June 30 regarding the UK bacon tariff.[338] I transmitted your letter to my Government and they have noted your further explanation of the reasons why, in the context of a possible limited European Free Trade Area, the UK wishes to remove the tariff on bacon imported from the member countries.

While the Canadian authorities appreciate the difficulties which arise with respect to the agricultural sector, in the light of your decision to pursue negotiations for a Free Trade Area for the Seven, they wish me to reemphasize the importance which they attach to the preferential access to the UK market for agricultural products and to the assurances which were given by UK Ministers in this regard at the time of the negotiations for a Europe-wide FTA.

The Canadian authorities appreciate that in choosing the agricultural items on which the removal of tariffs might be offered to Denmark the UK has endeavoured to find items where the trade of Commonwealth countries with the UK is slight. However, quite apart from the principle involved, the Canadian authorities cannot repeat not agree that removal of the UK tariff on bacon and canned pork luncheon meat is unimportant from the point of view of Canadian trade interests.

Until 1950 Canada was a major supplier of bacon to the UK. In the three years immediately before the Second World War the UK obtained almost one-fifth of its total imports of bacon from Canada. During the war years, at a time when this product could not repeat not be obtained from European sources, Canada made available substantial supplies and provided 70 to 80 per cent of the UK's imports of bacon, with a peak of three hundred thousand long tons in 1944.

We have given careful consideration to the prospects for exports of Canadian bacon to the UK when import restrictions are removed. Because of quantitative restrictions Canadian producers have been excluded from the UK market for bacon since 1950, in contrast to the position of European suppliers. It would therefore take some time for them to re-establish trade connections and make other necessary adjustments in their operations. However, we would expect that with the advantage of the tariff preference Canadian shippers would be able to re-enter the UK market. We recognize of course, that the margin of preference on bacon is not repeat not bound to Canada. However, in view of the importance which we attach to this trade and in the light of the special arrangements which have from time to time been agreed between

[338] Voir Londres à Ottawa télégramme 2134, 30 juin,† MAE 575-40.
See London to Ottawa telegram 2134, June 30,† DEA 9575-40.

us for this product we would regard the withdrawal of the preferences on bacon as a step which would inevitably affect the balance of benefits in the trade relations between our two countries.

You have asked for clarification of the reference in our letter June 22[339] to these special arrangements. You will recall that a quantitative preference for bacon and hams was provided in the Canada-UK trade agreements of 1932 and 1937 and that the GATT in Article XIV 5 (b) and Annex A specifically authorized the continuation of the 1937 arrangements until they could be replaced by a tariff preference. In the exchange of letters of October 30, 1947, between Canada and the UK, the UK undertook to maintain this quantitative preference pending the establishment of revised arrangements as provided for in GATT Annex A.

In 1955 Canada was consulted by the UK with respect to the proposal to impose a MFN tariff of 10 percent on bacon; free entry for bacon from Commonwealth countries and the Republic of Ireland was to be continued. At that time we were advised that tariff action had been chosen in order to help support the UK market. It was well understood that this preferential tariff arrangement would replace the pre-war quota arrangements referred to in the 1947 exchange of letters. In our reply we indicated that we would have no repeat no objection to the proposed changeover from a preferential quota to a tariff preference as provided for in the GATT and that a preferential margin of not repeat not less than 10 percent would be an acceptable safeguard to Canada's interest.

With regard to the restrictions on pork products imported from dollar countries, Lord Home has advised me that the UK Government would be prepared to establish a quota of 10,000 long tons of pigmeat (excluding hams) to be divided between Canada and the USA.

The proposed quota represents about one percent of the total consumption of pigmeat in the UK in 1956 and 1957, and less than four per cent of the UK's pigmeat imports in those years. We have repeatedly urged the desirability of eliminating the restrictions against imports of Canadian pigmeat. While the timing of this action is a matter for decision by the UK authorities we believe that immediate liberalization of pigmeat need not repeat not have unfavourable effects on the UK balance of payments position. The continue maintenance of restrictions against Canadian exports of pigmeat would be particularly difficult to explain in Canada if the UK were to proceed to remove the tariff on bacon and canned pork luncheon meat imported from Denmark. In the circumstances I have been asked to urge you to re-examine this matter with a view to placing pigmeat including canned pork on open general licence without delay.[340]

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[339] Voir/See Document 313, n. 14.

[340] La lettre a été envoyée le 24 juillet et Eccles y a répondu le 30 juillet. Voir le télégramme 2447 de Londres à Ottawa, 5 août,† MAE 9537-B-40.
The letter was sent on July 24 and answered by Eccles on July 30. See London to Ottawa, telegram 2447, August 5,† DEA 9537-B-40.

317. DEA/9537-B-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM ET-1420 Ottawa, November 4, 1959

SECRET. OPIMMEDIATE.
Reference: Your Tel 3323 Oct 29.[341]
Repeat Oslo, Copenhagen, Berne, Lisbon, Vienna, Brussels, Paris, Washington, Tokyo (Information).

EUROPEAN FREE TRADE ASSOCIATION — FISH

We have now been advised by the UK Senior Trade Commissioner in Ottawa that the UK is considering a proposal that frozen fillets of fish be included in the European Free Trade Association. It is understood that this proposal arises out of UK trade discussions with Norway. It is also understood that the UK tariff on frozen fish of EFTA origin would be removed over the transitional period of ten years provided for in the EFTA arrangements. Such action by the UK following on the arrangements affecting bacon and certain other products in negotiations with Denmark would be a matter of serious concern. Please therefore make formal representations to the UK on this matter along the following lines.

2. The Canadian Government is seriously concerned over reports that the UK is considering a proposal for the inclusion of frozen fillets of fish in the European Free Trade Association between the UK and other European countries. It was the understanding of the Canadian Government that, in accordance with the statement of the Chancellor of the Exchequer on July 23 the UK would not contemplate removing the tariff on fresh and frozen fish. Such action would seriously impair preferential access of Canadian frozen fish to the UK market. It will be recalled that the Canadian Government has, on many occasions, indicated the special importance it attaches to the safeguarding in full of Canada's position in the field of agriculture and fisheries. The Canadian Government attached great importance to the assurances the UK Government had given about the safeguarding of Commonwealth interests in the UK market in food, drink and tobacco.

3. Canada has an important interest in the UK market for fish. The operation of discriminatory import controls by the UK since the war has excluded Canadian frozen fish from the UK and thereby nullified the tariff advantage. While the recent relaxations have involved the removal of restrictions on fresh and frozen salmon, discriminatory controls remain on other types of fresh and frozen fish. The Canadian Government would expect that these remaining discriminatory restrictions would now be abolished and that Canadian exporters would now be able to re-enter the market. It would be a serious disappointment if these newly developing export opportunities for Canadian fish were now to be lost. On the basis of these considerations, the Canadian Government would again strongly urge the UK Government to take fully into account Canadian trade interests in the United Kingdom with a view to safeguarding the preferential trading arrangements in the field of agricultural and fisheries products.

[341] Non retrouvé./Not located.

4. For your own information: The trade considerations are as follows: There is a ten per cent UK preference on frozen halibut and other frozen fish of interest to us, except for frozen salmon, which enters duty-free from all sources. Except for salmon the UK continues to operate discriminatory import licensing which excludes Canadian frozen fish while competitive products are admitted under open general licence from most non-dollar countries. The Canadian Government has been under pressure from Canadian exporters who would be able to sell in the UK and develop the market there for Canadian frozen fish if it were not for UK import controls. If in fact the UK goes a good deal further towards complete liberalization of dollar imports of all fresh and frozen fish we might be able to view this matter in a somewhat different light.[342]

318. DEA/9575-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM TC-666 London, November 10, 1959

CONFIDENTIAL. OPIMMEDIATE.

Repeat T&C Ottawa, Agriculture, Finance from Ottawa (Information).

Mr. Harkness met yesterday with the Chancellor of the Exchequer, the President of the Board of Trade and the Minister of Agriculture to discuss the re-admission of Canadian pigmeat. He reviewed the Canadian case for immediate and unrestricted re-entry and emphasized the present difficult situation in Canada by giving statistics of Canadian stocks of canned and fresh frozen pigmeat and estimated additional tonnage likely to accumulate before January 11 when the deficiency payments scheme[343] commences. UK Ministers stated they had no repeat no quarrel whatsoever with the Canadian case, which had been moderately put. However they pointed out that the purchase of pigmeat from Canada raised certain political problems for UK just as finding a market for pigmeat raised problems for Canada. They agreed to reconsider the question promptly in view of Canada's need for an immediate outlet but made no repeat no commitment concerning the timing or the quantity which might be admitted although it was stated that re-entry would be "phased" and presumably they are considering several stages to an open market.

2. In evaluating UK reluctance to take action we judge that considerations relating to Outer Seven negotiations appear to bear greater weight than the domestic consideration. One possible reason for this is UK concern that any immediate shipments of pigmeat would be from storage stocks at less than purchase price and that the Danes, perhaps supported by a portion of the domestic industry, could demand that anti-dumping measures be applied. If these assumptions are correct, then we cannot repeat not expect any arrangement to be announced until the EFTA

[342] Une lettre et un aide-mémoire basés sur ce télégramme ont été envoyés à lord Home. Voir télégramme 4679 de Londres à Ottawa, 30 décembre,† MAE 9537-B-40. Voir la réponse de Home dans le document 320.
A letter and aide-mémoire based on this telegram were sent to Lord Home. See London to Ottawa telegram 4679, December 30,† DEA 9537-B-40. For Home's reply, see document 320.

[343] Voir le document du Cabinet 373-59, 24 novembre, et les conclusions du Cabinet, 1 et 10 décembre, RG 2.
See Cabinet Memorandum 373-59, November 24 and Cabinet Conclusions, December 1 and 10, RG 2.

arrangements are settled and possibly not repeat not until after January 11 when our switch-over to a deficiency payments scheme for hogs would make anti-dumping legislation more difficult to invoke.

319. DEA/9537-B-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 4241 London, November 25, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel EA-1507 Nov 24.†
Repeat Brussels, Washington, NATO Paris, Paris, Bonn, Rome, Hague, Oslo, Stockholm, Copenhagen, Finance Ottawa, Bank of Canada, Agriculture Ottawa, PCO, Lisbon (OpImmediate) (Information).

ORIGIN RULES IN THE EFTA ALUMINIUM

We have been informed by the Board of Trade that it has now been agreed by the Seven to put aluminium back on the basic materials list, subject to the limitation that such aluminium is not repeat not used for the purpose of producing goods already covered by Tariff Heading 76.01, i.e. when used for the production of aluminium alloy or for the manufacture of aluminium from non-area scrap.

2. Before ministers left for Stockholm,[344] I had brought our views to the attention of Mr. Maudling by letter and in personal conversation my officers had also reviewed these matters in some detail with the trade officials taking part in the Stockholm talks. The Swiss apparently did not repeat not attach much weight to the argument that leaving aluminium off the basic materials list would create difficulties during later discussion with the Six, but they were most responsive to the plea that to leave aluminium off the basic materials list would raise difficulties for Canada. They therefore agreed to its re-insertion with the proviso outlined above.

3. I hope you will agree that we have thus got most of what we wanted, although, of course, it would be much better if there were no repeat no qualification to the heading in the basic materials list.

4. In these circumstances, I assume that you will not repeat not wish the representations suggested in your reference telegram to go forward. If on balance you feel that some general representations should be made to the Seven, you might consider waiting until the process rules and materials lists are published early next month. I shall await your further instructions.

5. I should mention in connection with the last sentence of paragraph 2 of your reference telegram, in which you state that "it should not repeat not be made known that we have been consulted on EFTA matters by any of the Seven" that as reported to you in our telegram 4225 November 24,† the Chancellor has made it plain in public statements that UK Government has

[344] Une convention créant l'AELE a été signée à Stockholm le 20 novembre. Voir *Documents on International Affairs, 1959*, pp. 527 à 529.
A convention establishing the EFTA was signed at Stockholm on November 20. See *Documents on International Affairs, 1959*, pp. 527-29.

been in detailed consultation with Commonwealth Governments on EFTA matters.[345] During the discussions in Stockholm, UK representatives have made it clear that they are consulting in considerable detail with us and with other Commonwealth Governments on questions such as the origin rules, although admittedly this may not repeat not be fully recognized by ministers and officials in the Seven who have not repeat not been dealing immediately with EFTA matters.[346]

[GEORGE] DREW

320. DEA/9537-B-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 4350 London, December 3, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel TC-666 Nov 10 and your ET-1420 Nov [4].
Repeat Agriculture, Finance, T&C Ottawa (OpImmediate) (Information).

OUR REPRESENTATIONS ON PIGMEAT AND FROZEN FILLETS OF FISH

(a) Following is text of letter which I have received this morning from Lord Home.

"I am now able to let you know the result of the consideration which we promised to give to what Mr. Harkness said about pigmeat to the Chancellor of the Exchequer and other UK Ministers on November 9 and also to reply to your letter to me of November 12[347] enclosing an aide-mémoire about the proposal then under consideration that frozen fillets of fish be included as an industrial product in the convention establishing the European Free Trade Association.

2. Throughout the negotiations leading up to the initialling of the text of the Convention establishing the European Free Trade Association we kept prominently before us the need to safeguard to the greatest possible extent the interests of Commonwealth countries in UK market. We also had very much in mind the interests of our own industries, particularly the bacon industry and the fishing industry. It would, however, have been impossible to negotiate the convention if we had refused to make any concessions to Scandinavia in the field of agricultural and fisheries products. It was therefore our object from the beginning to make only those concessions which, in our judgement, were absolutely necessary if we were to secure agreement on the establishment of the association. The negotiations to include quick frozen fish fillets as an industrial product was only concluded at the last moment after ministers had assembled in Stockholm for the purpose of approving and initialling the text of the Convention. If we had not repeat not met the Norwegians on that point the negotiations would almost certainly have broken down.

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[345] Note marginale :/Marginal note:
Quite true, but in the context of our representations nothing was to be gained by bringing this up lest any of the other six should think we were in cahoots with the UK. [D.B. Wilson]

[346] Note marginale :/Marginal note:
Discussed with [J.R.] Downs [of Trade and Commerce] pm Nov. 25. [D.B. Wilson]

[347] Voir document 317, note 19./See Document 317, footnote 19.

3. The concessions which we had to make in the Stockholm negotiations on bacon and fish will materially affect our own producers and it is not repeat not easy for us to defend these concessions to them and simultaneously make additional changes in our import arrangements for the benefit of other overseas suppliers. Moreover there are, as I am sure you will appreciate, transitional problems in removing controls which have been in operation for many years. In the case of pigmeat the removal of restrictions on imports from the dollar area would entail an extensive readjustment of the pattern of our supplies and this can only be done gradually.

4. Nevertheless we propose to make a move now towards the removal of restrictions on pigmeat imports by establishing a quota for 25,000 tons of frozen pork from the dollar area. This would be in place of the quota of 10,000 tons for North American pigmeat (excluding whole hams) which the Canadian Government were informed in July would be established if the EFTA Convention were signed. In order to accommodate these increased pigmeat imports we have been obliged to inform Poland that we must reduce our imports of Polish bacon in 1960 which may, we fear, affect our political as well as our economic relations with Poland. We intend to review the position next year.

5. As I have said this decision will be unpalatable to our own producers and will require careful presentation to them. The Minister of Agriculture proposes to make a general statement on pigmeat in the House of Commons probably on December 7. In that statement he will indicate that the admission of the 25,000 tons of frozen pork from the dollar area represents a change in UK's source of supply which is being taken into account in the current talks with Poland. I would be grateful, therefore, if the Canadian Government could be asked to regard the contents of this letter as confidential until the Minister of Agriculture makes his statement.

6. We do not repeat not feel that we can at this time also make a move as regards our import control arrangements on fish additional to those on salmon announced on November 4. We shall, however, keep under review our remaining restrictions on the import of fresh and frozen fish as part of our policy of removing what still exists of our import quota restrictions as circumstances permit."

(b) I shall welcome your instructions in regard to any action you wish taken in connection with the points raised in this letter.

[GEORGE] DREW

3E PARTIE/PART 3

ACCRÉDITATION AUX TROIS COMMUNAUTÉS EUROPÉENNES
ACCREDITATION TO THE THREE EUROPEAN COMMUNITIES

321. DEA/10767-1-40

Le sous-secrétaire d'État aux Affaires extérieures
au sous-ministre du Commerce, sous-ministre des Finances,
sous-ministre du Revenu national et au président d'Énergie atomique du Canada Ltée.

Under-Secretary of State for External Affairs
to Deputy Minister of Trade and Commerce, Deputy Minister of Finance,
Deputy Minister of National Revenue and President, Atomic Energy of Canada Limited

CONFIDENTIAL [Ottawa], December 1, 1959

ACCREDITATION TO EEC, EURATOM, AND THE ECSC

You will recall that the question of accreditation to the three European Communities, the EEC, EURATOM, and the ECSC was given consideration last Spring, and that it was decided at that time to defer any action until the United Kingdom and other European countries outside the Six had themselves accredited representatives to the Communities.

2. This matter has been raised once again by our Ambassador in Brussels, Mr. Pierce, in his telegram 613 of November 6,† copy of which is attached for your information. Mr. Pierce recommends that we should now proceed to seek accreditation to the Communities, since the reasons for delaying no longer apply, and accreditation would assist our mission in keeping informed of developments in Community policies.

3. When this matter was considered last May there was agreement that accreditation would be necessary and desirable in due course. The question at issue was simply one of timing. Our European missions were unanimous in expressing the view that accreditation to the EEC, EURATOM and ECSC would not prejudice their ability to make representations to the individual governments to which they are accredited. There were four reasons, however, for delaying accreditation to the Communities at that time:

(a) It was feared that Canadian accreditation might prove embarrassing to the United Kingdom and the other European countries not members of the EEC until they had themselves taken this step. As Mr. Pierce points out in his message, the United Kingdom, Norway, Sweden, Austria, Portugal and Ireland have since applied for accreditation to the EEC, and it is only a matter of administrative procedure which is delaying acceptance. As of now, the following countries have applied for accreditation or have already accredited representatives to the EEC and/or EURATOM:

	EEC Accreditation		EURATOM Accreditation	
	Sought	Agreed	Sought	Agreed
United Kingdom	X			X
Norway	X			X
Sweden	X			X
Switzerland	X		X	
Austria	X			
Portugal	X		X	
Ireland	X			
United States		X		X
Israel		X		X
Greece		X		
Denmark		X	X	
Japan		X		

It is interesting to note from the above list that Japan has already accredited a representative to the EEC.

(b) It was feared that accreditation to the Communities might give the impression that Canada was taking sides in favour of the Six at a time when negotiations were being initiated among the Seven looking to the establishment of a European Free Trade Association. The negotiations on the EFTA have just been concluded successfully and the EFTA Convention initialled by Ministers in Stockholm.

(c) It was feared that accreditation to the institutions of the Six might inhibit our capacity to negotiate with EEC countries individually on the legality of the common tariff, particularly "list G," during the 1960-61 GATT tariff negotiations. As you know, considerable progress has been made in the last few months in determining the rules for the 1960-61 tariff negotiations and it seems clear that the Commission will be the negotiating body for the Six. Accreditation would not affect our negotiating position with individual members on the common tariff discussions now taking place on list G.

(d) Finally, there was the problem of procedure. Last Spring the Six had not established how accreditation should be sought and what would be the responsibility of the Commission in this matter. The procedure to seek accreditation has since been clarified. Requests for accreditation are to be submitted to the Presidents of the Commissions who then transmit them to the Council of Ministers where a unanimous decision is required. The Council's agreement is also necessary for the approval of heads of accredited missions. Formalities of accreditation are carried out with the Presidents of the Commissions.

4. In these circumstances, we think there is no pertinent reason to delay accreditation and that it would be desirable to seek accreditation as soon as possible. Mr. Pierce has expressed the view that accreditation would make it easier for the mission to keep informed of developments in the three Communities. We are now making representations to the EEC Commission and affiliated bodies on agriculture and list G, where our most important interests are at stake and any facilitation of these operations is desirable.

5. There are also several other reasons for seeking accreditation without delay:

(a) We have had indications from the Six that this move would be welcome. Accreditation would provide tangible proof of the support we have always professed for the broad economic and political objectives of the Communities and should enhance our status in making our own views known to the Six on particular problems. As you know, the United States have indicated, notably at the recent GATT session, that they new regard the EEC as a major political and trading force with which they intend to maintain close and friendly relations. The attitude of the

United States in this regard, and the increasing display of unity and strength by the EEC reinforces the importance of accrediting a Canadian representative.

(b) The recent conclusion of agreements with EURATOM, and their implementation, warrants accreditation to that body.

(c) Finally, there are indications that the problems of the Six and the Seven may be discussed at the NATO ministerial meeting in mid-December. It would seem useful if our request to accredit a representative to the Communities were made before then. Accreditation now to the Six, before the Seven have ratified their treaty and decided on institutional procedures might leave us freer to judge on its merits any comparable move in direction of the Seven later, should this by any chance arise.

6. Before we decide to seek accreditation it would be necessary, of course, to consider the immediate implications of such a move. In the short term, accreditation would not involve any increase in the staff of our mission in Brussels. Mr. Pierce has intimated that the addition of another senior body in Brussels to work on Community matters cannot be ruled out. Our own estimate is that this may not be required for some time, if at all. While in the longer term it might, of course, prove desirable to establish a separate mission to the Community, we might accredit Mr. Pierce now as our representative, with Mr. Gallant available to devote his full time to the work of the Communities.

7. We would be grateful if you would inform us as soon as possible whether you agree that we should now recommend to Ministers Canadian accreditation to the three European Communities. If interdepartmental agreement exists, we will prepare a draft.

A.E. RITCHIE
for Under-Secretary of State
for External Affairs

322. DEA/10767-1-40

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

CONFIDENTIAL [Ottawa], December 10, 1959

ACCREDITATION TO THE THREE EUROPEAN COMMUNITIES, EEC, EURATOM AND ECSC

The three European communities, the European Economic Community (EEC), the European Atomic Energy Community (Euratom), and the European Coal and Steel Community (ECSC), have now been in existence for some time; the EEC and Euratom since January 1, 1958, the ECSC (the Schuman Plan) since 1952.

These communities group six Western European countries — Belgium, France, Germany, Italy, Luxembourg and the Netherlands — in a close economic association which is expected by many to lead in time to a political federation. The EEC, the most important one, provides essentially for the establishment of a common, duty-free, internal market of the six countries behind a common external tariff. The purpose of Euratom, broadly speaking, is to pool the efforts of the six countries in the field of the peaceful development of atomic energy. The ECSC, the first community to be created, established a common market among the six countries for coal and steel. The communities are governed by a Council of Ministers, acting by unanimous decision, and by executive bodies, enjoying certain powers in their own right. There

are, in addition, a European Parliamentary Assembly, a Court of Justice, an Economic and Social Council and other specialized institutions.

The process of integration has been proceeding among the six countries, and the executive bodies of the three communities may be expected to play an increasingly important role on behalf of the Six in their relations with outside countries. For example, the executive body of the EEC, the European Commission, will represent the six countries in many aspects of the very important tariff negotiations which will be held in 1960-61 under the GATT. National governments of the Six continue, of course, to play a determining role in tariff and other trade matters.

Many countries have taken steps to accredit representatives to the European communities. At the present time the following countries have either applied for accreditation or have already accredited representatives to the EEC: the United States, the United Kingdom, Japan, Norway, Sweden, Denmark, Switzerland, Austria, Portugal, Ireland, Israel and Greece; to Euratom: the United States, the United Kingdom, Norway, Sweden, Switzerland, Portugal, Israel and Denmark. A number of other countries, including New Zealand and Australia, are now considering accreditation.

In these circumstances, there is interdepartmental agreement that it is now desirable and timely to appoint a Canadian representative to the three communities. This move has also been recommended by the Canadian Ambassadors in the six countries, in the United Kingdom, and in the other Western European countries. Canadian accreditation would greatly facilitate the work of our Mission in Brussels in keeping informed of Community developments and making the Canadian view known on particular problems whenever appropriate.

There are additional reasons for seeking accreditation without delay. The EEC is emerging as a major political and trading force and the United States have shown, notably at the recent GATT Session in Tokyo, that they recognize this fact and intend to maintain close and friendly relations with the new grouping. Accreditation would provide tangible proof of the interest we have expressed in the broad political and economic objectives of the Community and enhance our status in dealing with them.

Finally, the implementation of agreements recently concluded between Canada and Euratom warrants accreditation to that body. Atomic Energy of Canada Limited have indicated they would welcome this step.

I would accordingly recommend, with the concurrence of my colleagues, the Ministers of Trade and Commerce and of Finance, that the necessary steps be taken to accredit the Canadian Ambassador in Belgium, Mr. Sydney Pierce, as Canadian representative to the three European communities, the EEC, Euratom and ECSC. This step will not involve any increase in the staff of our Mission in Brussels at this time.[348]

[H.C. GREEN]

Concurred in:

[Gordon Churchill]
Minister of Trade and Commerce.

[Donald Fleming]
Minister of Finance.

[348] Approuvé par le Cabinet le 19 décembre./Approved by Cabinet on December 19.

4E PARTIE/PART 4

ORGANISATION EUROPÉENNE DE COOPÉRATION ÉCONOMIQUE
ORGANIZATION FOR EUROPEAN ECONOMIC CO-OPERATION

323. DEA/4901-W-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 892 Paris, May 1, 1959

CONFIDENTIAL. OPIMMEDIATE.

Repeat T&C, Dept of Finance, Bank of Canada, Washington, London, T&C London, Paris, Rome, Brussels, Hague, Bonn, Geneva (Information).
By Bag Oslo, Copenhagen, Stockholm, Berne, Vienna, Dublin, Lisbon, Athens, Ankara from London.

THE FUTURE OF THE OEEC AND FTA NEGOTIATIONS

A great deal has been written and much more will probably be written on the prospects for the OEEC and the FTA negotiations on which the commercial content of the Organization so much depends. Forecasts are hazardous and doubly so when even the present is difficult to assess. Perhaps we are too close to take a synoptic view particularly in the present hazy atmosphere. Our present views must therefore be regarded as tentative. And if it were not for the forthcoming meetings of Senior Commonwealth Officials in London we would not be rash enough to commit ourselves, albeit with much qualification, to writing.

2. The OEEC is in a state of animated suspense. Local European delegates are quick to point to the necessity of the continued — indeed revitalized — existence of the European Organization which has accomplished so much over the past ten years. But recent monetary developments in Europe which highlighted the strengthened financial position of most member countries combined with the suspension of the FTA negotiations have been body blows to the Organization. Between rounds speculation continues. Nevertheless despite a certain amount of sympathy with the aging underdog there is some doubt that when (and if) the bell sounds the Organization will be willing or able to leave its corner. The lifeblood of the OEEC has been, and if the Organization is to survive in its present form must continue to be, commercial cooperation. And its continued capacity for commercial cooperation is under present circumstances severely limited.

3. The hard fact seems to be that in the present atmosphere multilateral commercial negotiations are not likely to be resumed in 1959. They may not be taken up again on a strictly European basis even in 1960. Seen from here the climate does not seem to be appropriate; nor for the present at least can we detect the political will to resume the negotiations.

4. At the same time we must admit that future developments may affect the prospects one way or another. Uncertainties as to the results of the British elections, of Chancellor Adenauer's promotion, of the state of Anglo-French and Franco-German relations, the economic health of the French economy, longer term effects of the achievement of convertibility combined with important and pressing international political problems are some of the factors which make forecasting difficult.

5. If a FTA had been achieved by the (British) target date of January 1/59, there is real doubt that it would have been fully acceptable to us. The compromises which would have been necessary not only to accommodate the French but the European under-developed countries would have been staggering. Now that the (relatively) false sense of urgency has been eliminated there is time to reflect. Moreover continued European and particularly French recovery will make the necessary economic adjustments easier to accept and sustain and the price of some form of closer commercial cooperation might become progressively less extravagant.

6. To assume that the FTA negotiations will not be resumed in the foreseeable future and that the achievement of external convertibility (and of course the financial strength on which it has been based) has weakened the original raison d'être of the Organization does not of course mean that the OEEC should cease to exist. At a minimum there will continue to be need for a European forum for consultations perhaps more along the lines of those presently conducted in the Canada-UK Continuing Committee and the USA-Canada Economic Committee. Moreover there will continue to be the residual functions of the OEEC, e.g. the European Nuclear Energy Agency and work in productivity and science, where much useful work remains to be done. It is nonetheless important for the Organization in taking stock of its real accomplishments to take full account of the new environment in which it finds itself. It must be admitted that there are those (of whom the Secretary General of OEEC is one) who are urging the continuance of the OEEC activities along traditional lines. (Sergent argues that a solution to the problems created by the EEC cannot wait too long and that an extended period of uncertainty would lead to critical conflicts and the progressive deterioration of cooperation among the 17). And many feel — wrongly we think — that the OEEC will be the appropriate forum when and if the FTA negotiations are resumed. In more practical terms the "atrophication" of the Organization will mean that the movement already under way of the competent members of the Secretariat to other jobs will be accelerated.

7. How about the future? Here the ground is even more treacherous. We have suggested that the chances for a satisfactory (from our standpoint) European multilateral association have improved with aging. It is relevant to note that protectionism (one of the basic reasons for the breakdown in the FTA negotiations) seems no longer to be the guiding principle of the French economy — nor we might add such a conspicuous result of the working of the EEC. But there is also now a greater possibility and scope for acceptable alternative solutions. At a moment when suggestions are being made for new initiatives with respect to the Common Market and the FTA it might be worth relating them more directly to the GATT. And with the hope that quota discrimination will assume relatively less importance attention will have to be focussed on tariffs if a satisfactory multilateral solution is to be found to the commercial, economic and political problems raised by the creation of the European Economic Community.

8. At present the GATT as an entity, the EEC and to some extent the OEEC seem to be regarding one another with mutual suspicion and even antipathy. But if the unfortunate results of the so-called split in Europe are to be avoided, and more important, if the Western world is to keep pace with Soviet economic growth the GATT and its objectives must be pursued even more vigorously. At present GATT obligations are in large part considered to be time payments due on a misguided purchase in 1947. And little effort is made to point to the still desirable — and indeed essential — objectives which the Contracting Parties have endorsed. It seems to us from our admittedly limited vantage point that there is now a real need for a political recognition that the GATT with the EEC and with the wholehearted cooperation of the rest of Europe, the USA and the Commonwealth is the only really effective method of establishing a healthy trading world and a satisfactory basis for meeting the Soviet economic offensive. This is a tall order and if it is to be fulfilled must be preceded by political decisions which would

permit of compromise solutions to be worked out in Geneva in a new atmosphere. Just as the theme of the Commonwealth Economic Conference was an "expanding Commonwealth in an expanding world" it may be that the time is appropriate for the Commonwealth (with, it is to be hoped, the support of the USA) to take the initiative to a concerted return to a fuller appreciation of the General Agreement.

9. Preaching to the converted as to the importance of GATT has of course a hollow ring. For one thing the frustrations and disappointments of the non-Six are not all of the kind which can be easily assuaged by efforts to make the GATT work more effectively. At least some of these countries have at present little faith in the efficacy of the GATT and, on economic grounds alone, would take some persuading to turn their backs on regionalism or at least abandon the conception of special arrangements with the Six. The practical difficulties in the way to a "return to the GATT" are staggering. At the same time the alternatives i.e. regional blocs in Europe, a Commonwealth approach to an FTA, seem to us to be second best. The real problem will present itself in 1962 when the first meaningful steps towards the establishment of the customs union are to be taken. If in the interim the Six could be persuaded to limit if not eliminate quota discrimination and to continue to reduce their tariffs on an MFN basis, if the USA Administration could persuade Congress of the necessity of ratifying the OTC and if the Community could be persuaded of the desirability of cooperating in a new atmosphere with the other Contracting Parties in the implementation of a revitalized General Agreement, substantial progress could be recorded. (We have of course ignored but through not completely forgotten the disagreeable fact that among the Western countries the USA may be the only one which is not prepared or able to make substantial moves in the direction of freer trade. Moreover European countries are by and large prepared for freer trade with almost everybody but the USA. To meet this situation it may be that something less than unconditional MFN treatment will have to be accepted as appropriate in certain circumstances.) It seems now even clearer that it will be under the aegis of the GATT and not the OEEC that the European Economic Community must be called to account. And if the FTA negotiations are resumed — or to put it another way, if European countries continue to consider it desirable to make concerted progress toward freer trade at a faster rate than other CPs are willing or able — the GATT would seem to be able to provide the appropriate framework under which negotiation could take place *if the proper atmosphere prevails in Geneva.*

10. What we would need to do, if our suggestions were seriously considered, would be to develop a fundamentally fresh approach to the whole complex of objectives here discussed, in order that each country of the West and each region should see its problems and objectives in the context of the wider associations available to them and be persuaded that the solution of their own problems, as well as those of the West as a whole, lie (without rejecting all other forms of association) in revitalizing the wider associations and seeing them for what they could be made to mean and do in the future.

11. In summary we are suggesting for consideration (a) a willful abandonment for at least two or three years of efforts directed toward the conclusion of formal FTA agreement or similar formal multilateral arrangements in Europe (b) a recognition by the OEEC that its original purposes have been achieved (c) a political decision to return to the GATT for leadership with the recognition that compromise solutions not wholly satisfactory to anyone must be worked out, to accommodate — not merely tolerate — the political impetus toward more intensive European Economic Cooperation. In other words we must continue to give adequate support to the objective of a closer association among the countries of Western Europe.

12. Since the real answers are to be found in Washington and London, if we are to take any initiative it would of course have to be in those capitals and not here.

324. DEA/9537-B-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 2188 Paris, November 10, 1959

CONFIDENTIAL

Repeat London, Washington, T&C London, Dept of Finance Ottawa, Bank of Canada Ottawa, Paris, Rome, Brussels, Hague, Bonn, Geneva, T&C Ottawa from Ottawa (Information). By Bag Oslo, Copenhagen, Madrid, Stockholm, Berne, Vienna, Dublin, Lisbon, Athens, Ankara from London.

OEEC: NEW VITALITY?

OEEC enthusiasts in Paris have taken great encouragement from recent developments which they insist prove that the Organization with its inherent vitality — and they are careful to add with the association of the USA and Canada — has a continuing and useful function to fill. The following evidence is suggested:

(1) The recent Economic Policy Committee meetings were, in the opinion of most Europeans, more than a qualified success. And the fact that two senior USA representatives from Washington participated fully in the discussions which they themselves admitted had been extremely productive, demonstrates continuing support of the USA for the OEEC.

(2) French scepticism having been allayed or dissipated, general agreement now seems to have been reached for an OEEC ministerial meeting to be held in either the first two weeks of December or January. Ministers would concentrate principally on measures for solution of Europe's reserve problems and the related need for increased assistance to under-developed countries. In this latter connection presence of Greek and Turkish ministers will likely ensure that the needs of European under-developeds are given priority at least in the discussions.

(3) The expected signing of the EFTA and the possibility that it will be formally presented to the OEEC to "note" is regarded as a step in the direction of a broader multilateral association. Moreover, while we are not certain a firm decision has been taken, the French have now apparently accepted — albeit without great enthusiasm — that the Seven should be located in Paris.

(4) The increased ability of most European countries to liberalize further their imports from the dollar area is increasingly cited as evidence of the success of OEEC trade activities. Moreover, most OEEC representatives insist plans should be developed to ensure that the Organization receives full credit for the further liberalization and removal of discrimination vis-à-vis the dollar area which is now regarded as inevitable. (In a separate telegram† we are reporting new proposals by Snoy to the Steering Board for Trade which subject to certain safeguards would have the effect of a unilateral extension to Canada and the USA of present OEEC trade liberalization.)

(5) Cahan has reported qualified success in his efforts in Tokyo to bring about a form of GATT-OEEC co-operation. His report was greeted with a good deal more enthusiasm than the results would seem to justify.

(6) Morocco's request for a form of trade association with the OEEC is regarded as a fact of some political importance.

2. Not repeat not quite on the credit side of the ledger must be recorded the rather apathetic French support for OEEC activities of a type especially pleasing to the Seven. For example Valéry has tried playing down the GATT-OEEC approach to liberalization and he has pointed to the need for a world-wide approach which would take full account of the interests of countries outside the dollar area. Secondly, the Swedish Ambassador reported to the OEEC Heads of Delegations the disappointment which the Seven had felt following Dillon's endorsation of the Hallstein proposals which he said took no repeat no account of the existence of the OEEC (and incidently, seems to have unwittingly endorsed a regional quota enlargement programme).

3. It is too early to draw any conclusions from the above evidence. To date the USA appears to have been careful to ensure that it had the appearance at least of dividing its blessings equally as between the EEC (which it has consistently supported) and the OEEC (which it has been responsible for creating). We understand that the USA Treasury, for well-known reasons, has been the most sceptical with respect to the continued usefullness of the OEEC. If as a result of the recent OEEC Economic Policy Committee meetings, senior Treasury officials are prepared to adopt a more flexible attitude, increased USA support for the OEEC, which quite naturally the USA delegate here is urging, may be forthcoming.

325. DEA/9537-B-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2887 Washington, November 18, 1959

SECRET. PRIORITY.

For External (Ritchie).
Repeat Finance (Plumptre), Bank of Canada, PCO, T&C Ottawa (Warren) from Ottawa (Information).

PROPOSED USA TALKS RE EUROPEAN SIX AND SEVEN

We saw John M. Leddy, Special Assistant to Dillon, this week to discuss USA plans on the above subject (which Leddy had mentioned privately to Isbister when he was here last week). Leddy said that he and Dillon had been hoping to visit London and other European capitals early next month under the official guise of attending the OEEC ministerial meeting scheduled for December 11 but for the real purpose of having confidential talks on the future of European developments. He said that it was now uncertain whether the OEEC ministerial meeting would be held and in that case they were considering some alternative way of making contact, possibly in Washington.[349] Prior to having these talks with UK and European representatives they would very much welcome quiet discussions with senior Canadian officials. We said we thought that appropriate Canadian officials would be glad to come to Washington for this purpose and Leddy undertook to contact us in the next few days regarding proposed timing and other arrangements. We shall be communicating with you as soon as we hear from him.

2. Following are the main points made by Leddy in explaining the purpose of Dillon's proposed talks with UK authorities.

[349] Une réunion a eu lieu à Washington en janvier 1960./A meeting was held in Washington in January 1960.

(a) As background to USA attitude he recalled that USA support for the basic concept of the European Common Market stemmed from USA postwar interest in European integration which he said envisaged Customs Union and not repeat not FTA arrangements. The USA had all along been suspicious of UK motives and felt that UK proposals for Europe-wide FTA resulted from opposition to the idea of the Common Market as such. This UK attitude had inhibited USA criticism of the Six in the GATT because such criticism would have cast doubt on the sincerity of USA support for the concept of the Common Market.

(b) If there had been a strong generalized European interest in a FTA the USA would have gone along with this idea. However, it was widely felt that amalgamation within an FTA would dilute the integrity of the Common Market and with the obvious opposition to a Europe wide FTA from many important European countries there was no repeat no reason for the USA to throw its weight behind this idea. The FTA of the Seven made no repeat no sense politically and was essentially a bargaining device directed to reviving the Europe-wide FTA. Even if such a Europe-wide arrangement were attainable it would hold no repeat no particular attraction for the USA since it would extend the area of trade discrimination against USA goods with no repeat no apparent political compensation. While this may have been acceptable in the USA five or six years ago it was no repeat no longer so today.

(c) However, the USA had now come to the considered view that a Europe-wide FTA was unattainable and that the only result of a bridge negotiation would be a patchwork of preferential and discriminatory arrangements between the Six and Seven. In these circumstances the development of the Seven served merely to confuse and complicate the situation and to divert attention away from the central issues of removing trade barriers on a multilateral basis.

(d) There seemed to be no repeat no reason why the problems of trade discrimination arising from the establishment of the Common Market should be resolved only on a European basis. On the contrary problems raised by the Common Market tariff QRs and agricultural arrangements should be resolved on an MFN basis. In the USA view if strong concerted pressure were brought to bear on the Six through the 1960 tariff negotiations and by other means the alleged raison d'être for the Seven would disappear. Leddy said that the USA had private indications that the Common Market countries would welcome an opportunity to make substantial tariff cuts under cover of 1960 multilateral negotiations but that this would only be possible if the UK and other European countries also joined in. If, because of the bargaining tactics of the Seven, the UK and other European countries failed to take advantage of the 1960 Conference to negotiate with the Six on an MFN basis, a unique opportunity would have been lost. Similarly, in other fields the USA felt that the existence of the Seven would act to inhibit the Six from making progress on a multilateral basis.

(e) Leddy said that there had as yet been no repeat no discussions between the USA and the UK on the subject of the Seven and that it was becoming urgent that there should be some meeting of minds as to longterm objectives between the UK and the USA on this subject.

3. Dillon was interested in exploring with UK Ministers and particularly Maudling what would be the attitude of UK if the Six were persuaded to take concrete steps to reduce trade barriers multilaterally. We asked whether Dillon might go so far as to suggest that in this event the UK should be prepared to use its influence to shelve the FTA of the Seven. Leddy replied that this was definitely the kind of thing they had in mind. He recognized that the FTA Convention would have been signed and probably presented to Parliament and that some face-saving device and some period of time would be necessary to make possible graceful abandonment of the FTA agreement. However, it could be explained that changes in policy by the Six no repeat no longer made the bridge operation necessary. We suggested and Leddy agreed that before the UK could be persuaded to make such a decision there would have to be

real evidence that the Common Market would, in fact, be non-restrictive and that, for example, the common tariff levels would have to be very low indeed. We also enquired whether the USA would be prepared to come out strongly in exerting pressure on the Six or whether there were new elements which might inhibit the USA in such activity. Leddy stressed that as part of this whole arrangement the USA would be prepared to exert strong pressure on the Six.

4. Finally, we asked what would be the USA attitude towards the idea of a bridge if the Seven were to go ahead anyway. Leddy indicated that the USA would prefer to see the two European groups develop separately and as liberally as possible rather than become involved in new regional negotiations.

5. In view of the delicate nature of this information we leave to you the distribution of this message to other posts.

326. DEA/12839-2-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM MM-3 Paris, December 14, 1959

SECRET. OPIMMEDIATE.

Repeat London, Washington, Bonn, Brussels, Paris, Finance (Reisman), Bank of Canada (Rasminsky), T&C Ottawa (Warren) (OpImmediate) from Ottawa.

NORTH ATLANTIC ECONOMIC COOPERATION

John Leddy (USA State Department) who has been touring Europe with Dillon invited Plumptre and Towe to meet this afternoon with Jack Tuthill (Director of Office of Regional Affairs, State Department) to review latest developments in USA thinking on European and North Atlantic economic problems.

2. Tuthill recalled that even before Dillon's trip to Europe, the USA Administration had reached the conclusion that regional developments in Europe and the USA balance of payments problem demanded a radically new approach to Atlantic economic cooperation. Dillon's discussions in London, Bonn, Brussels and Paris had served only to underline this necessity. What the USA had now put forward (yesterday to Couve de Murville and this afternoon to Selwyn Lloyd) was that there is now a need for the Atlantic area to develop a new type of approach to these economic problems. Accordingly what the USA have in mind is that one of the results of the Western summit would be agreement that the Big Four Heads of Governments would invite specified other European countries, the European Economic Community and Canada to discuss with them the consequent institutional arrangements which would be required. Tuthill said they were still searching for a formula to limit European membership on the new working group and he suggested that it might consist of the present membership of the OEEC Executive Committee which included both a neutral and an under-developed country.

3. Tuthill said that if the USA were to participate fully in the work of the OEEC or seek full membership, that Organization would have to be drastically reorganized. Hence the USA considered that the preliminary discussions seeking the new institutional framework should themselves take place outside the framework of the OEEC, and in a somewhat smaller forum although the services of the OEEC Secretariat and its premises might be used. Tuthill stressed,

however, that in the USA view it was not repeat not simply a question of changing the name of the organization and perhaps some of its personnel. What was involved was a new organization which would permit of a new concerted North Atlantic approach to the present pressing problems; first, trade, including trade relations between the Six and the Seven; secondly, aid to under-developed countries both within and without Europe; and finally, but of considerable less importance, conjunctural or business cycle problems.

4. Dealing first with trade Tuthill referred to the serious USA misgivings with respect to any bridging operation between the Six and Seven which in present circumstances would probably have to take the form of a preferential arrangement. Accordingly the USA Administration now believe that there should be a concerted and immediate attack on tariffs by a new organization and that this attack should concentrate to as great an extent as possible on MFN tariff reductions. While Tuthill did not repeat not say so directly primary emphasis might be placed on tariffs affecting commodities traded principally in Europe. He did say that one of the results of the formation of the new organization would be to make the reasons for the EFTA less apparent and he implied that both this association and the OEEC might be allowed to wither away.

5. Referring to the new organization role in the field of aid to under-developed countries Tuthill said that the USA authorities envisaged a coordination of the aid programmes of its members as well as pressure on, leading to a greater contribution from, those who were not repeat not carrying their fair share of the load. He thought, for example, this would be an effective way of ensuring a larger German contribution and even one which would be welcomed by the Germans. He did not repeat not envisage that it would make necessary a revision of USA aid procedures; nor would it lead to a reduction of the level of USA assistance. But it would help to ensure that USA aid was more effectively applied and that its level in the future would not repeat not have to rise as high as might otherwise be the case.

6. With respect to trade cycle discussions, Tuthill said only that this was now a field in which the OEEC was working and one to which the Germans in particular seemed attracted.

7. Tuthill said that the initial French reaction to the USA suggestions had been favourable. They would not repeat not, for example, prejudice the political objectives of the EEC which would participate as an entity. He was now trying to work out with the French the text of a draft communiqué which might be issued by the Big Four next week. This draft would be submitted to the UK and German authorities for their consideration. (Incidentally Tuthill showed us a first French draft which, because it emphasized the objective simply as being one of avoiding a split between the Six and the Seven through the use of GATT techniques, he considered to be inadequate). Tuthill said the British had not repeat not really had time to react but that he had found Lloyd in a highly emotional state with respect to the designs of the Six. Tuthill recognized that if this new USA approach was to be acceptable to the UK the British would have to be persuaded that this would be a method not repeat not only of helping to put pressure on the Six to adopt more liberal trading policies but a means through which the USA could help the UK with its political problems in Europe. The Germans, Tuthill said, had not repeat not yet been consulted but he did not repeat not doubt that the USA plan would be acceptable to them.

8. Tuthill suggested that the institutional working group of limited membership whose formation might be envisaged in the Four Power communiqué issued next week could begin to discuss in substance the European trade problem even before it reached conclusions with respect to a more permanent and broader institutional framework. This would ensure that the trade problem would be tackled in good time. But the institution which would eventually emerge would have twenty-one full members, i.e., the eighteen present members of the OEEC, the EEC (as a unit), Canada and USA.

9. Tuthill thought the OEEC Ministerial Meeting could be held as scheduled on January 14.

10. Plumptre recalled that the Canadian authorities also had misgivings with respect to possible European bridging operations. He thought that Canadian reaction to such a proposal would depend to a very large extent on the UK attitude and this in turn would doubtless depend on the prospects that this new proposal would show real promise of forcing the Six to adopt the most liberal trade policies possible. Plumptre also mentioned possible Canadian worries with respect to the attitude of third countries such as Japan, India, etc., to a new Atlantic trade organization; Tuthill responded that the USA had discarded using the GATT for resolving European trade problems as it was too unwieldy. The Bank could not repeat not appropriately assume the role of coordinating aid programmes if only because this would require the introduction of new political considerations in Bank decisions. But he said it was not repeat not impossible that the new organization might also attract in time non European members, for example Japan.

11. Dillon and Leddy have now returned to Washington and Tuthill said that they might wish to invite Canadian officials to Washington to provide them with a fuller indication of USA views as they developed. Mr. Green and Mr. Fleming will, of course, be anxious to receive the fullest possible information.

12. We should add that Tuthill will be in Paris for another ten days and has promised to keep us informed here. He said he would like to have any comments, however preliminary, we might have to offer.

327. PCO

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], December 17, 1959

PROPOSED ECONOMIC CONSULTATIONS BETWEEN EUROPEAN COUNTRIES, CANADA AND THE UNITED STATES

Mr. Fleming has reported a conversation in Paris with the United States Secretary of the Treasury, Mr. Anderson, concerning the proposal made by the United States Under Secretary of State, Mr. Dillon, to hold discussions between some European countries, Canada and the United States on European trading problems and on the question of aid to under-developed countries. It has been suggested that the proposal to hold these meetings be included in the Big Four communiqué on December 21 or 22.

It is apparent from reports received that Mr. Dillon may not have the full support of Mr. Anderson. It is not clear however whether this reflects a disagreement on the part of Mr. Anderson with procedures which have quite obviously been hastily considered or whether there may be a fundamental split in the United States administration on this matter.

According to reports received from our Washington Embassy, the United States initiative reflects mainly concern over their balance of payments and the direction in which regional trading arrangements in Europe might move. The United States fear that any arrangements to link the Six and the Seven might well be preferential and discriminatory, and seriously damaging to the trade of the United States and other outside countries. In the State Department

there is also an appreciation that there might develop an economic split in Europe that would weaken NATO. Finally, the United States balance of payments position underlines the need for European countries to carry a fair share of the responsibility of aiding the under-developed countries. In the light of these considerations and after his brief tour of some European capitals this month, Mr. Dillon decided that a radically new approach to Atlantic cooperation was warranted. Mr. Dillon accordingly proposed to the French and the United Kingdom that representatives from some European countries, the United States and Canada should meet soon to discuss the possibility of establishing a new organization to deal with these problems.

The proposed new organization would be expected in time to replace the OEEC; it is not clear however whether all OEEC countries would be expected to join. The United States seem to have in mind that trade problems could best be discussed by a somewhat smaller group of countries. The possibility of bringing Japan in at a later date when aid questions were discussed was also mentioned.

On aid the United States proposals are also vague. Reference is made to the need for greater coordination of Western aid programmes, but it seems likely that the United States simply have in mind putting pressure on the European countries to do more and that they do not envisage detailed discussions of specific aid projects. They may also consider that linking aid to their proposal will soften the blow for the under-developed countries who can be expected to be very concerned about a new organization, limited to industrialized countries, to discuss trade matters.

It is significant that Mr. Dillon's proposal reflects a decision that the United States should participate from now on in any discussions between the Six and the Seven in order to safeguard United States interests. Canada has comparable trade interests in the arrangements which may be developed in Europe and if talks are held we should be present to look after them.

We have not as yet received a direct United Kingdom reaction to Mr. Dillon's proposals. The United Kingdom has for some time been urging the United States to play a more active role to resolve the differences between the Six and the Seven in Europe. It should be remembered however that United Kingdom Ministers earlier were cool to a proposal by Dr. Adenauer that discussions might be held between the Six, the Seven, Canada and the United States.

With the close relations now existing between the United States and the EEC, the Six will no doubt strongly support Dillon's suggestions; indeed Mr. Anderson has suggested that the idea was actually put to Mr. Dillon by the French. In any event, the Dillon proposal is closely in line with the suggestions recently put forward by Ministers of the six EEC countries.

Mr. Fleming's preliminary reactions covered many of the concerns to which the Dillon proposal may give rise for Canada. There is a serious danger that it would arouse suspicions on the part of under-developed countries that in such a scheme Western countries would be interested mainly in looking after their own problems, without taking due account of the trade interests of the less developed countries.

If the new organization envisaged seemed exclusive the U.S.S.R. might seize this opportunity to propose a world economic conference, something they have often suggested in the past. In any event they could exploit the concern of the under-developed countries.

If discussions are held Canada should be represented. While the Canadian approach will need to be carefully examined, the following general considerations are important:

(a) Whatever is agreed should not be to the detriment of Canada's trading interests.

(b) It is unclear whether a new organization is desirable or whether more informal consultations would be preferable.

(c) The impact which the proposed meetings might have an under-developed countries and the desirability that any decision should be reconcilable with their trade interests should be borne in mind.

(d) Whether this initiative would be effective in inducing European countries to give more aid to the under-developed countries needs to be examined.

(e) The possibilities for Soviet exploitation should be taken into account.

As for the suggestion that the Dillon proposal should be included in the Big Four communiqué, this would seem quite inappropriate. It would give a publicity, a formality and perhaps a political colouring to any new discussions which would be certain to arouse the concern and anxiety of countries not included.

Mr. Green and Mr. Fleming will have had an opportunity to explore the Dillon proposal more fully with other NATO Ministers in Paris, and on their return it will be possible to make a better assessment of what public position the Canadian Government should take on this matter.

A.E. RITCHIE
for Under-Secretary of State
for External Affairs

5E PARTIE/PART 5

FRANCE

SECTION A

ALGÉRIE
ALGERIA

328. DEA/12177-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 10, 1959

FRENCH PROTEST CONCERNING INTERVIEW OF ALGERIAN STUDENTS ON CBC-TV

As you know, the question of interviews of Algerian rebels by the CBC has been active since May 24 when Mr. Chanderli, the New York representative of the Algerian "Front of National Liberation" (who was in Toronto to address the Canadian Institute of International Affairs) was interviewed on a CBC television programme. For your convenience, I attach a summary of developments since that date.†

2. On June 5 the French Ambassador delivered to me a note† protesting against the appearance on June 4 on a local CBC French-language television station of two representatives of the Algerian "Front of National Liberation" (FLN). They apparently had been interviewed on a programme entitled "Local News" and according to the French Embassy had made very serious accusations against France and the French Government. The note recalled a previous occasion (in October 1957) that Chanderli had been interviewed on the CBC television network and pointed out that representations had been made by the French Government at that time.

(For your information, the Minister at that time informed the French Ambassador that he was averse to any interference with freedom of discussion and would not like to see the Government issuing a directive to Canadian citizens or visitors to appear on radio or TV. Mr. Smith explained the separate identity of the CBC and suggested that the Ambassador might like to take up with the Chairman of the CBC the matter of getting some or more time for the presentation of the French viewpoint on Algeria.)

3. The note went on to mention the "surprise and indignation" with which the French Government had learned of Chanderli's appearance on May 24 and the Ambassador stated that he had been able to announce to his Government that following his démarches and in accordance with the formal request which had been made by the French Government to the Canadian Embassy in Paris, the interview scheduled by the CBC for June 2 had been cancelled.

4. The Ambassador in his note and in his discussion with me, made it clear that despite our past explanations about the independence of the CBC from Government control, he and his Government could not understand the fact that programmes such as this could not be prevented. The note closed by asking that I bring about the adoption of measures which would henceforth make impossible a recurrence of similar incidents. (A copy of the note is attached. A translation is being prepared by the Translation Bureau.)

5. The Ambassador did not have instructions from his Government to deliver this protest but he considered that he had to do so since he had been instructed to take this action in the Chanderli case, but had withheld the protest when the second broadcast was cancelled. Although we have attempted, both here and in Paris, to avoid giving the French the impression that there was any causal relationship between the French protest and the cancellation of the June 2 broadcast, it seems clear from the note that the French assumed that they had received an undertaking from the Canadian Government to prevent similar broadcasts, although they had been told that there could be no question of Government direction, and that therefore the Government could give no guarantee that there would be no recurrence.

6. The French of course are very sensitive about the subject of Algeria. They consider it to be a purely internal problem but they resent the fact that their NATO allies do not give them the consistently strong support inside and outside NATO which they consider is their due. We have been sympathetic to the French on this subject and have done what we could in the United Nations to develop some recognition of the immensity of the problem facing France and the real attempts which have been made to solve the problem. The French Government is aware of our attitude but I suspect that it accepts any sympathy and support which we extend as a matter of course, while reacting very strongly to any indication that support is not wholehearted. (In this connection, it has been indicated that one of the main factors contributing to the French decision to withdraw their Mediterranean Fleet from NATO in time of war was the failure of the United States to vote against an African-Asian resolution on Algeria in the last Session of the General Assembly, in which vote they abstained.)[350]

N.A. R[OBINSON]

[350] Note marginale :/Marginal note:
N.B. The SSEA did not send the draft letter to the Minister of National Revenue, or show him the memorandum, but he did discuss its content with him. R. C[ampbell] 19/6

SECTION B

VISIT DU SECRÉTAIRE D'ÉTAT AUX AFFAIRES EXTÉRIEURES EN FRANCE
VISIT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS TO FRANCE

329. DEA/11253-B-40

Note du chef de la Direction européenne
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, European Division,
to Under-Secretary of State for External Affairs

RESTRICTED [Ottawa], July 16, 1959

MINISTER'S PROPOSED VISIT TO EUROPE

You may have noticed the attached report from the *Ottawa Journal* where the Minister is said to have stated that he will be going to Europe for meetings later in the year.[351]

2. You will recall that when I was in Paris in May I discussed with Mr. Léger both the desirability of a new Minister taking an early occasion to visit France and the arrangements which might be made for a Heads of Mission meeting in Europe.

3. A visit to France would seem to be entitled to the next priority. The Minister has met the United Kingdom Foreign Minister and Prime Minister here in Ottawa, and has also met the United States Secretary of State. He has yet, however, to make contact with the Foreign Minister of the other major Western power. It is, of course, true that while the Canadian Government has shown considerable interest in inviting General de Gaulle to come to Canada, the French Government have not taken any initiative in proposing that Mr. Green might go to France (although the French Ambassador may have said something to the Minister about a visit). This is understandable since French problems lie elsewhere but I think it could be taken for granted that the French would react quickly and enthusiastically to any indication that Mr. Green might be prepared to make a trip to France. Ideally, this should be arranged before the United Nations General Assembly in order that Mr. Green and M. Couve de Murville should not be strangers when they meet there. The French, as you know, have a poor record for cooperation at the United Nations and since there is every likelihood that this year more than ever they will be expecting support from us on the Algerian question, it would be useful if Mr. Green had had an opportunity to meet the French Foreign Minister. The international timetable unfortunately seems to make this almost impossible, particularly if there is to be a Summit Meeting in September, although if this were preceded by a ministerial meeting by the NATO Council, there would be the occasion for a visit to France. On the other hand, it was Mr. Léger's view, with which I entirely agreed, that it would be preferable for the Minister's visit to France to be unconnected with a NATO meeting but to be made for the specific purpose of meeting the French.

4. Mr. Léger made the same point in regard to a Heads of Mission meeting arguing that it would be more productive if it were not held on the eve of a NATO Ministerial Council meeting which tended to attract too much attention to NATO problems and thus distract from the essential purpose of the meeting.

5. If, therefore, the Minister found it possible to consider undertaking a visit to France, a Heads of Mission meeting might be arranged at that time. It would seem to be particularly

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[351] Voir/See "Green Plans First Trip to Europe in 45 Years," *Ottawa Journal*, July 15, 1959, p.8.

desirable to bring him together with the Heads of our European (and Middle Eastern) posts. A combined visit of this kind could be fitted in to a week.

6. Could I please have your preliminary reactions to these ideas.

HENRY F. DAVIS

330. DEA/11253-B-40

Note d'information pour la réunion des chefs de mission en Europe
Briefing Paper for Meeting of European Heads of Mission

DOCUMENT NO. 17 Paris, October 26-29, 1959

CONFIDENTIAL

FRANCE

Relations with Canada: For some time relations between France and other countries, including Canada, have been subordinated to French domestic imperatives. In mid-1958, de Gaulle came to power with a mandate to end internal political strife, to solve the economic crisis and to settle the war in Algeria. Effectively his task was to establish internal political and economic stability and this had to be done before he could put forward any solution for Algeria capable of winning general support from the people of France and from the rebels in Algeria. The revision of the constitutional and political system one year ago was followed by a sweeping economic reform in December. De Gaulle is now directing his efforts towards settling the Algerian problem. The most important current aspect of Canadian-French relations are those concerning international problems generally rather than specific bilateral questions.

2. *Algeria*: Before de Gaulle took office all internal and external problems were influenced by the situation in Algeria. He has put an end to much of this contamination, even though through lack of time or inclination he has not subsequently dealt with many external matters. He has refined the Algerian issue in his September 16 speech by recognizing the heart of the problem, self-determination, and by defining possible solutions consistent with international principles. He offered the Algerians a choice between the extremes of secession or Francisation or, alternatively, a middle course of association with France. Only time will tell whether this action will succeed in ending hostilities. He has at least removed a substantial portion of the international political content of the Algerian question, and with it the resultant irritant to relations between France and some other countries, provided the support from France's friends measures up to what France now expects.

3. *East-West Relations, Disarmament and NATO*: As a result of the accent placed by de Gaulle on the Franco-German rapprochement, France now stands somewhat closer to Western Germany on these issues and its policy is not too different from that of the USA. France's approach to East-West negotiations has up to now proved slightly more rigid than Canada's but there do not appear to be basic differences between our two countries. The French position on the cessation of tests and disarmament generally could be complicated, if a genuine international settlement were in sight, by the French intention to explode their own atomic weapons in order to join the USA, UK and USSR in the atomic club. In the broader context, initial fears that de Gaulle might attempt to pose as arbiter between East and West have proved unfounded. On the other hand, late last year de Gaulle stirred up several problems for the NATO alliance over military operation and political consultation. His declared purpose was not to frustrate NATO; instead he wishes to restore the reinvigorated France he confidently expects

to see to the position of prominence within NATO which, in his view, his country abdicated because of its earlier instability. The question of greater political consultation was smoothed over by Eisenhower's visit and there are some signs that the difficulties concerning military cooperation may gradually be settled satisfactorily.

4. *Western European Unity*: De Gaulle was widely expected to abstain from any serious moves toward European unity, yet he has cemented relations with Germany and other European countries. He seems to support a concept of greater Western European political harmony, though not necessarily within the rigid international framework prescribed earlier by the "Europeans." He supports the Common Market, perhaps mainly because it binds Western Germany to Western Europe, and because it provides a mechanism for the advancement of former French possessions in Africa.

5. *African Development*: The French Community was conceived to provide for the orderly evolution of former French territories in Africa and Madagascar into independent states in partnership with France. The constituent republics are self-governing with respect to internal matters. Already several of the states have proposed a redefinition of their relationship with France and the rest of the Community. This is being accomplished without violence or rancour. De Gaulle's policy in Africa is liberal. The African leaders are cooperative. De Gaulle wants to prevent Communist encroachment in Africa and to ensure continuing relationships for political, economic and cultural reasons, between the emerging independent states and their former colonial tutors. Therefore he desires cooperation and consultation on African policy with other powers interested in the area.

6. *Foreign Trade Policy*: French foreign trade relations reflect the internal liberal orthodox economic policy introduced ten months ago. Trade liberalization with the dollar area has increased from nil one year ago to eighty per cent in September, 1959, thus putting France on a par with the UK and Germany in this respect. This liberal trend will likely continue subject to two inhibiting factors: the need to maintain the Common Market as a primary unit (because of the political cohesion it creates with respect to Germany) and the need to provide for the economic development of the states in Africa associated with France.

7. *Specific Bilateral Questions*: The French objected some time ago to the activities in Canada of representatives of the National Liberal Front (FLN). This matter now seems dormant. Specific trade problems with France seem to have been solved, or are about to be settled to our satisfaction. Cultural exchanges with France have been unaffected by the internal political situation and continue to be satisfactory. The work of the Canada Council has improved the flow of exchanges, particularly from France to Canada. Canada and France continue to have satisfactory and frequent exchanges of views on problems arising out of the former Indochina states.

331. DEA/50346-1-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 1150 Paris, October 30, 1959

SECRET. OPIMMEDIATE.

Repeat London, Washington, Permis New York, Bonn, NATO Paris, Brussels, Hague, Rome (Priority) (Information).

MINISTER'S CONVERSATION WITH COUVE DE MURVILLE

I had a frank and useful conversation with the French Foreign Minister in which he gave a moderate and persuasive presentation of the French position on the broad questions surrounding a summit meeting, and on the particular question of Algeria in the UN.

2. After identifying East-West relations as being the major problem today, he remarked that attention seemed to be concentrated on details of arrangements and timetable rather than on the substance of any discussions. He said there was now complete agreement on a Western summit meeting to take place in Paris on December 19 following the NATO ministerial meeting. It could not repeat not be held earlier because the French were holding a conference of the Community. He thought however that it would be useful for NATO to have its ministerial meeting before the Western summit. This led to a discussion of NATO consultations, and in reply to my observation that we thought they should be expanded, Couve said he was not repeat not aware that anyone was against this. It would be particularly helpful, he thought, to hear the views of others on the question of East-West consultations. The Under-Secretary observed that the initiative might more properly be with the major powers, whose basic differences and approach to East-West consultations might more usefully be examined between allies in the closed meetings of the Council than left to be aired publicly in the press.

3. Couve then expanded on French ideas about East-West meetings. The French were not repeat not against successive meetings but believed that thought should be put into considerations of substance. It was not repeat not the Western idea to force a discussion on Berlin. This was a situation created by the USSR to which we had reacted perhaps too sharply after the declaration last November. Since then the USSR have been at pains to remove the suggestion of any ultimatum. Couve did not repeat not consider that Berlin would be a cause of war; if the Russians had wanted it so, we would be at war now. The French certainly did not repeat not like the present situation in Berlin, but they believed that any modification would be to the benefit of the Soviet. Thus he did not repeat not consider that Berlin would constitute an appropriate main subject for a summit meeting. Heads of State should not repeat not meet simply to discuss the number of troops in Berlin.

4. The broad questions before the world were rather that of disarmament and the central question of Germany. On disarmament, he acknowledged that nothing was now ready for solution and that we still faced the problem of coordinating the Western position, particularly in preparation for the Ten-Power Committee Meeting. He expected that Western consultations might take place in the last half of January and, identifying the USA and the USSR as the "great military powers," said that the Western side would have to wait on the formulation of the USA position.

5. He did not repeat not go into detail about the possible East-West discussion of the general German problem, but stressed the French belief that a summit meeting should achieve something; Heads of State should not repeat not come together just to meet. He did agree with me, however, that there was evidence of a real relaxation of tension today. He identified the visit of Mr. Macmillan to the USSR and Mr. Khrushchev's visit to Eisenhower as amongst the causes, and drew attention to the fact that there had been no repeat no major crisis in 1959. The détente therefore was a reality, and he agreed that it constituted a change in Soviet attitude. He went on to say that the Soviet authorities needed the détente in order to be able to reduce military expenditure to turn their resources to raising the standard of living. The USA, for its part, also needed to reduce its armament expenditures in order to maintain its standard. Thus there existed on both sides pressures working towards an ultimate disarmament arrangement. Nevertheless the French did not repeat not expect any early significant advances.

6. I mentioned the problem created for NATO by the new situation in a period of détente, and while Couve agreed that this merited attention he thought the process of adjusting NATO to the new situation should be gradual and not repeat not revolutionary.

7. When I enquired about the French tactics for the Algerian debate in the UN, the Foreign Minister told me that they were still inclined not repeat not to speak to the item, either in the Assembly or in Committee. Their hope would be that whatever resolution finally came forward would either fail to receive the two-thirds majority or be innocuous to the extent that it would not repeat not recognise the Algerian rebels as the "other party." He said that they had gone so far as to mention the question in his statement in the general debate and he hoped that this would give France's friends the basis on which to build their support. He knew, however, that there were those who considered that a statement should be made specifically on the item. This he thought would be difficult since it would in fact amount to participation. I said that I had been impressed with the effectiveness of his handling the question in the general debate, and believed there was much to be said for a statement from the French of their position when the item came up on the agenda. Couve said that others besides ourselves had been urging this upon them and, recognizing its merits, his mind was not repeat not yet definitely made up. I assured him of our desire to be of help to the French on this question and urged them to keep in touch with us.

[HOWARD] GREEN

332. H.B.R./MG 31-E-83/2-13

Note de l'ambassadeur en France
Memorandum by Ambassador in France

[Paris] October 30, 1959

CONVERSATION BETWEEN THE PRESIDENT OF THE FRENCH REPUBLIC AND THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On being welcomed by General de Gaulle the Secretary of State said that he was bringing the greetings of his Prime Minister and hoping that the President would soon be paying a visit to Canada. General de Gaulle shrugged his shoulders and said in a vague way that there was still much to do in Europe leaving it to understand that the possibility of such a visit was not yet ripe.

The first question that came up in the conversation was the discussion of Algeria at the U.N. Assembly. General de Gaulle said smiling: "This aspect of the problem is now outdistanced. The future of Algeria rests in the hands of the Algerians themselves. They alone can solve it."

He then referred to the French atom bomb likely to be exploded sooner or later in the Sahara desert. His view was that if an agreement were reached between the three powers in possession of the bomb on the stopping of production and destruction of stock piles with adequate controls, France would certainly be ready to give up its intention of having the bomb. The Minister asked whether General de Gaulle believed that such an agreement was at all possible. General de Gaulle replied that unfortunately he could not believe it. This is why France considered it necessary to have its own atomic weapons. Her defence could not forever depend on the good intentions of the countries having the monopoly of the bomb. Moreover, one could imagine circumstances under which the USSR and the USA would reach an agreement "over our heads." Nevertheless General de Gaulle did not conclude that no progress was possible on the road to disarmament. On the contrary, he thought that instead of trying to tackle it from the atom bomb point of view, chances of success would be better if it were approached with the aim of controlling the means of delivery, i.e. missiles. He went on explaining that missiles were rather a recent development which had not created as rigid positions as in the case of the atomic bomb. Their production could be more easily controlled as well as their destruction, if this were agreed upon.

The second question discussed was that of the summit meeting. The Secretary of State wanted to know whether General de Gaulle was conceiving one summit meeting that would solve a number of problems, or a series of summit meetings. The President replied that there was certainly no hope of solving all problems at a time. In fact, problems are never solved, the essential is to be able to live with them. The question was whether the first summit meeting would give such results as to encourage the holding of other summit meetings. As far as France was concerned, they were like other countries in favour of discussions at the summit but they wanted preparation that could lead to some concrete results.

The Secretary of State then turned to the question of "détente." He asked the President whether he thought as the Canadian Government did that a certain "détente" was already on the way. General de Gaulle agreed that this was so. It was likely the beginning of a period of relaxation which was probably in the interest of both East and West. It was premature to say how long it would last but there was no doubt that the West should at this stage take advantage of present Soviet dispositions.

The other question raised by the Secretary of State was that of consultation. He said that the feeling existed amongst a number of NATO countries that the big ones were reluctant to discuss their common problems openly within the NATO forum. General de Gaulle said jokingly: "But Mr. Spaak knows everything!" As far as he was concerned the President of the Republic is in favour of consultations. If the three Western countries participating in the occupation of Berlin sometimes gave the impression of lacking in the sense of consultation it was because they were more directly concerned. However, he thought that a definite effort had been made during the course of the Foreign Ministers' meeting last summer to give as much information as possible to the NATO partners in Paris. He, himself, could not be more in favour of keeping NATO informed.

When Mr. Khrushchev's visit was mentioned General de Gaulle said that the Soviet leader appeared to be happy with the project. The Hon. Howard C. Green said that he was in New York at the time of Mr. Khrushchev's visit to America which appeared to be a success. The Soviet leader certainly knew how to talk to people and showed the resources of a perfect politician who could be a success in almost any country. The Minister asked whether Mrs. Khrushchev would also come with her husband and General de Gaulle replied that an invitation would be sent to her. The Secretary of State told of the good impression she had given through her simplicity and gentleness in the United States.

During the whole audience the President appeared relaxed and said that there were no problems standing between France and Canada. He appeared in good health and in a very friendly disposition towards the Secretary of State for External Affairs. The conversation was always factual, objective and certainly did not appear to be inspired by prestige or grandeur.

General de Gaulle asked the Secretary of State to convey his best regards to Prime Minister Diefenbaker.

The audience lasted exactly half an hour.[352]

P[IERRE] D[UPUY]

6E PARTIE/PART 6

RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
FEDERAL REPUBLIC OF GERMANY

333. DEA/12447-40

L'ambassadeur en République fédérale d'Allemagne
au secrétaire d'État aux Affaires extérieures

Ambassador in Federal Republic of Germany
to Secretary of State for External Affairs

TELEGRAM 462 Bonn, August 13, 1959

CONFIDENTIAL

Reference: Our Tel 412 Jul 21.†
Repeat London, NATO Paris, Paris, Brussels, Geneva, Rome, Hague, T&C Ottawa, Finance, Bank of Canada, Washington from Ottawa (Information).

CANADIAN ECONOMIC RELATIONS WITH GERMANY

In my telegram 412 July 21, I said that among the problems I should like to discuss with officials in Ottawa in September were those aspects of Canadian foreign economic policy which are of special interest to this mission. In advance of my return it may be helpful if I outline some of the points on which I should appreciate the views of officials in the departments concerned.

2. My first concern relates to the objective of maintaining and expanding our exports to Germany. This country is now our third most important market and the quantities of such commodities as wheat and barley which are imported from Canada are of great importance to us.

3. Those who are responsible for our trade policy in Ottawa have devoted the most careful attention to Germany — particularly over the past two years during the inflamed period in GATT when the German restrictions problem was under discussion. It was patently obvious to the Germans that Canada was among the most conscientious if not repeat not uncompromising of their opponents in GATT.

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[352] Voir les autres événements du voyage et un résumé du discours de Green au Conseil de l'OTAN dans « M. Green à Paris et à Londres, » *Affaires extérieures*, vol. 11, N° 12 (décembre 1959), pp. 385 à 387. For the other events of the trip, and a summary of Green's speech to the NATO Council, see "Mr. Green in Paris and London," *External Affairs* Vol. 11, No. 12 (December 1959), pp. 389-91.

4. During this period the Canadian attitude caused a good deal of hurt surprise bordering on resentment in the German Ministry of Agriculture and other agricultural circles in Germany. There was even some danger that, by our conscientious efforts to secure the removal of German quantitative restrictions on agricultural products, we might have induced the Ministry of Agriculture to retaliate by reducing Germany's purchases of Canadian wheat and barley.

5. The Minister of Agriculture, Dr. Luebke, who becomes President of Germany in September, used to come closest to threatening us. His second in command, Dr. Sonneman, is an even more fervent agricultural protectionist than his minister, but he had been less threatening. Indeed he has sometimes assured members of this mission that he would see to it that his minister did not repeat not carry out his threats against Canada. He does however feel strongly and even bitterly about the line which successive Canadian delegations took on Germany's QRs.

6. In speaking to us at the beginning of June, Sonneman said that the extreme pressure brought to bear on his government at the recent meeting in Geneva was nothing less than "blackmail" and that the result was a "humiliating defeat" for Germany. He was very unhappy about the attitude of the Canadian delegation at Geneva which was more "brutally" expressed than it need have been.

7. I must add, however, that from conversations with some of Sonneman's officials and with Harkort of the Foreign Office we have learned that Sonneman may be a good deal less displeased with the GATT compromise than we would have gathered from the explosive words he used to us. Nevertheless I feel there is, in general, sufficient latent annoyance with our attitude to warrant our taking special care in future to avoid whenever possible irritating these substantial purchasers of our agricultural products and to make opportunities for reinforcing our relations with them, explaining our positions to them and in turn listening sympathetically to an exposition of their very considerable agricultural problems.

8. One way of doing this would be to invite senior officials such as Sonneman to Canada. He paid a very successful visit to Canada three years ago at the invitation of the Wheat Board with whose members he has the friendliest relations. Indeed he appears to like Canadians generally and his relations with the Embassy are most cordial. A second visit to Canada in the near future might be wise particularly since Germany will shortly introduce proposals for revising the GATT rules on agriculture.

9. Also I think it important that our third largest customer should receive more attention than in the past from senior officials concerned with our economic policies in Ottawa. Could they not repeat not make a point of coming to Bonn for consultations more frequently? As a start perhaps Mr. Ritchie might come over before or after the meeting of Commonwealth Finance Ministers in September.

10. The substance of our relations, particularly GATT relations with Germany, presents more intransigent problems since Germany is only a part — albeit a large part — of the world market. Up to the present we have, I gather, been basing our policies on two fundamental points:

(1) maintenance of the integrity of the rules of GATT,

(2) insistence that countries which are not repeat not in balance of payments difficulties, live up to the rules.

11. In following this line of approach with Germany, in refusing to contemplate special arrangements for agriculture, I think we have, up to the present, had some measure of success. We and our exporting partners in GATT have certainly obliged the Germans to review their own situation carefully — both in the industrial and agricultural sectors. The pressure that built up against them obliged Germany to relax import restrictions that might not repeat not other-

wise have been relaxed so soon. Nevertheless, the Germans in the compromise decision of last May[353] have, by emphasizing the industrial sector, got off relatively lightly in the agricultural sector. The main structure of agricultural protectionism remains and the procedures agreed for review are not repeat not as strong as we would have wished. I am afraid there can be little doubt that the Germans will pay more attention during the next three years to formulating proposals for revising the agricultural rules of GATT than to preparing the way for the removal of quantitative protection.

12. There are thus the seeds of opposition, trouble and acerbity in Canadian-German relations in the GATT over the next three years. The Germans will want to soften the GATT agricultural rules; we, I assume, will wish to maintain the present ones or harden them. The annual consultations on Germany in the GATT will probably give many opportunities for finding that the Germans are not repeat not making sufficient progress toward eliminating their QRs. In the situation that can be foreseen, I think it is extremely important that we plan carefully to avoid repercussions from GATT on the level of our exports to Germany. The Germans are not repeat not above threatening us; they may not repeat not be above carrying out these threats in extreme circumstances.

13. What I would like to find out, when I am in Ottawa, is the general view of officials on the prospects for holding the line on agricultural rules in GATT and on the prospects as they see them for Germany's removing agricultural QRs, i.e. whether they think it is likely that any foreseeable German government will find it possible politically to remove them in view of the general low productivity and the high cost of farming in this country.

14. My own forecast of what will happen is reasonably clear. I do not repeat not believe that the German Government will remove agricultural QRs. It is just possible that a deficiency payments method of protection might be forced on them, but I think it unlikely. The general assumption here is that something like the German marketing law system will be applied in the Common Market and I think the probability is that this will happen. In this case there will be encouragement to uneconomic production of cereals in the Common Market countries and Canada as well as other low cost exporters will find their markets under continuous pressure — alleviated only by bad harvests in Europe and increasing demand due to population growth and improved living standards. My guess is that it will be very difficult to hold the line on GATT rules with the EEC lined up firmly in favours of a change and with support from other agricultural protectionist countries.

15. I should like to have the comments of officials on this long term appreciation together with the factors which I hope they will be able to provide which might make the prospects appear less gloomy.

16. I do not repeat not wish to recommend at this stage a future line of policy which might tend to alleviate our GATT and German problems. We do not repeat not yet know what the precise nature of the German proposals on agriculture will be although they have already discussed them with their EEC partners. Nor do we yet know the nature of the German report to the Tokyo GATT meeting.

17. There seem however to be two broad lines of approach.

(1) To continue our present policy on GATT agricultural rules in the hope that whatever compromises are agreed to in future may be more liberal than if we adopted a less firm position at the outset.

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[353] Voir/See document 64.

(2) To consider possible alterations of GATT rules and procedures at this stage which might bring them more into line with your forecast of the level of protectionism that is likely to prevail.

These rules and procedures could conceivably be drawn up so as not repeat not to diminish the degree of effective pressure which the exporting countries could exert on the importers.

18. In either case I think it is important that we study the politico-economic problems of German agriculture very carefully and that there should be an exchange of visits of officials concerned so that both the Germans and ourselves realize that their counterparts have made every effort to understand the others problems. We might also be able to influence German policy and at least should be able to preserve a more friendly climate for our considerable agricultural exports to Germany.

[ESCOTT] REID

334. DEA/11271-40

Procès-verbal d'une réunion concernant les relations économiques et commerciales avec l'Allemagne

Minutes of Meeting Concerning Economic and Commercial Relations with Germany

Confidential [Ottawa], September 14, 1959

Present:

Mr. M. Crowe, Dept. of External Affairs, Chairman
Mr. E. Reid, Canadian Ambassador to Germany
Mr. L. Rasminsky, Bank of Canada
Mr. J.H. Warren, Department of Trade and Commerce
Mr. S.S. Reisman, Department of Finance
Dr. J.F. Booth, Department of Agriculture
Mr. D. Morley, Privy Council Office
Mr. D.R. Taylor, Economic Division II, Department of External Affairs
Mr. H.L. Brown, Department of Trade and Commerce
Mr. R.E. Latimer, Department of Trade and Commerce
Mr. F.P. Weiser, Department of Trade and Commerce
Dr. G. Dawson, Department of Agriculture
Mr. J.E. Blais, European Division, Department of External Affairs
Mr. J.E. Hyndman, Economic Division I, Department of External Affairs.

2. In his opening remarks, Mr. Reid emphasized three points:

(i) The desirability of having more senior officials visiting Bonn and talking with German officials, and of having more German officials visit Canada.

(ii) The desirability also of keeping the Germans informed more continuously of Canadian views on important issues in the field of international economic relations, and of listening sympathetically to German views.

(iii) The desire of the Germans to hold discussions with the Canadians in the not too distant future regarding possible amendments to GATT rules on agriculture.

Elaborating on the above points, Mr. Reid referred to Germany's importance as the third most important trading nation in the world and as the third largest market for Canadian goods; he suggested that since the views of the German and Canadian Governments were likely to remain quite far from one another on a number of commercial issues, it was the more important

to give the Germans the impression that their views were receiving close attention in Canada and were being taken into account in the formulation of Canadian policy.

3. Mr. Warren recalled that Canadian policy in support of the multilateral approach had been followed consistently in the postwar period. This made it easier for Canadian representatives abroad to reflect accurately Ottawa thinking. The present was a time of change however. Concerning the possibility of visiting Bonn, he agreed that more frequent visits were desirable and said that the same point could be made with respect to such posts as Tokyo or Brussels. Referring to the Canadian attitude on the German waiver at the recent GATT Session, Mr. Warren said that Canadian representatives had not been in the forefront and that the settlement achieved seemed on balance rather favourable to the German side. German tactics on this issue had been rather brutal. With respect to GATT rules relating to agriculture, Mr. Warren explained that officials in Ottawa, as indeed in other Commonwealth countries, were inclined to think that a revision would be likely to encourage rather than restrain agricultural protectionism.

4. Mr. Rasminsky expressed the view that Canadian pressure on Germany was unlikely to be misunderstood by the Germans or to lead to a straining in our relations with Germany when the basis for the Canadian position was reasonable and widely accepted. He agreed that Germany had been rather neglected in visits. Mr. Rasminsky then enquired about the position of Dr. Erhard in the German Government.

5. Mr. Reid said that while the strained relations between Dr. Erhard and Dr. Adenauer were in themselves understandable since an aging leader usually does not relish seeing his successor over his shoulder and may snarl at him, the peculiar feature of the recent controversy between Dr. Adenauer and Dr. Erhard had been that it was made public to such an extent. This was evidence of political immaturity. There was at present going on a smear campaign against Dr. Erhard in Bonn. German officials would freely point out that Dr. Erhard had behaved with stupidity in the conflict with Dr. Adenauer,[354] that he had the habit of caving in without a fight in Cabinet discussions, that he was incompetent and inefficient in the administration of his department, and that he was woefully inadequate as an international negotiator. This campaign probably originated with Dr. Adenauer, who seemed determined to destroy Dr. Erhard politically. Much of the criticism of Dr. Erhard seemed valid, but this did not necessarily mean that he would be a bad Chancellor, provided he surrounded himself with a good cabinet. It was generally thought that Dr. Adenauer had in mind to stay in power to win the next election and, perhaps, for two years thereafter before turning over the reins of government to a successor. Dr. Etzel had been his choice but the latter was colourless. Mr. Reid had some doubts that Dr. Adenauer could remain at the helm that long. The shorter the period Dr. Adenauer stayed in power, the greater were the chances of Dr. Erhard being the next Chancellor.

6. There was some discussion of the importance which Germany attached to her trade relations with Canada and to the Canadian attitude on trade matters. Mr. Reid thought that the German bargaining position was somewhat stronger than ours largely because of the trade deficit in our favour and because German purchases, which consisted in large measure of wheat

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[354] C'est ce qu'on a appelé la « controverse entourant la présidence ». En avril 1959, Adenauer annonça qu'il démissionnerait comme chancelier et se porterait candidat à la présidence. Il s'opposa au projet de Ludwig Erhard, son ministre de l'Économie, de briguer sa succession à la chancellerie. En mai, Adenauer revint sur sa décision et resta chancelier. Voir Terence Prittie, *Konrad Adenauer 1876-1967* (London: Tom Stacey, 1972), pp. 270 à 278.
This was known as the "presidential controversy." In April 1959, Adenauer announced that he would resign as Chancellor and seek election as President. He opposed the plans of Ludwig Erhard, his Minister of Economics, to run for Chancellor in his place. In May Adenauer reversed his decision, and stayed on as Chancellor. See Terence Prittie, *Konrad Adenauer 1876-1967* (London: Tom Stacey, 1972), pp. 270-78.

and other grains, could be curtailed covertly by administrative action or inaction. Generally, Germans tended to underrate Canada's importance and to be relatively ignorant about the facts of Canadian economic life. There was an important job of education to be done. On this subject, Mr. Rasminsky pointed out that the nature of German exports to Canada, e.g., mostly manufactured goods, made Germany particularly vulnerable to counter-measures that Canada might wish to take. This strengthened our bargaining power.

7. The discussion shifted to the problem of non-discrimination. Mr. Reid suggested that many senior German officials who had received their early training in the thirties found it difficult to understand the view that trade should not be used deliberately as an instrument to further political goals. Hence their difficulty in understanding the Canadian position which was based on broad principles for the conduct of international trade. The discussion then moved on to the particular points listed on the tentative agenda.

8. *Trade*

Mr. Reid expressed the view that the best chance to extend Canadian exports to Germany in the next few years was in the field of armaments. There seemed to be a good possibility that a part of the contract for F-104-G fighter aircraft for Germany could be placed in Canada. This was also true for the Canadian armoured personnel vehicle, the "bobcat," which seemed ideally suited for the Western European theatre.

9. *Agricultural Protectionism*

Mr. Warren explained that Canadian representatives at the Fifteenth GATT Session would press Germany on the manner in which the provisions of the German waiver were being implemented with respect to items of particular interest to Canada. This would be the first review of the German waiver.

10. Mr. Reisman discussed the possibility that non-tariff obstacles to trade might in some way be taken into account in the 1960 tariff negotiations. This was one way in which the reality of agricultural protectionism could be taken into account in efforts to lower barriers to trade. He emphasized that no Ottawa views had yet been developed on this matter.

11. Mr. Warren wondered how German officials would be likely to interpret an agreement on the part of Canada and other contracting parties to the GATT that reductions in agricultural restrictions could be bargained off against reductions in tariffs. Wouldn't this confirm them in the view that such restrictions were a useful tool of economic policy? Mr. Reid agreed.

12. Dr. Booth enquired whether the process of modernizing agriculture was taking place in Germany on a scale comparable to that in other countries. It seemed that German progress was rather slow. The increase in production in relation to the area under cultivation was much lower than in countries such as Canada and the United States. The postwar effort appeared to have been concentrated on industry with comparatively little being done in agriculture. Mr. Reid agreed and wondered whether it would not be useful to ask in the GATT for reports periodically on the progress achieved in modernizing German agriculture and increasing its productivity. This was the root of the problem of German protectionism.

13. *Tariffs*

Reference was made to the recent Canadian representations regarding the Common Market tariff for List "G" items.[355] Mr. Warren and Mr. Reisman expressed the view that for the moment enough had been said about our concerns relating to the level of the EEC tariff on aluminum. The matter would be reviewed when more was known of the intentions of the Six.

[355] Voir la première partie de ce chapitre./See Part 1 of this Chapter.

14. *Quantitative Restrictions and Discrimination*

Mr. Warren explained the decision of the United States to press for the removal of discrimination and the elimination of quantitative restrictions in keeping with improvements in balances of payments. Mr. Rasminsky drew attention to the fact that no exceptions were contemplated in the United States statement of policy. While the United States position might weaken with respect to agricultural restrictions maintained under the Rome Treaty, the general United States position seemed quite strong. There was urgent need to examine how Canada could best support this United States initiative. Messrs. Rasminsky and Warren also referred to the forthcoming decision of the Fund on non-discrimination and to the related possibility of moving to Article 8.

15. Mr. Rasminsky reviewed the progress in Germany's attitude toward the development of under-developed countries. He mentioned the substantial increase in Germany's contribution to the IMF and to the Bank, and the growing support in Germany for the establishment of an international development agency. He referred to Germany's interest in taking part in the development of the Middle East and to her offer to assist in the building of the Aswan Dam. Germany had shown some clumsiness, however, in developing her position on some of these issues.

(i) The German suggestion to discuss with other creditor countries credit terms and conditions in dealing with under-developed countries had been badly received and interpreted in some quarters as an attempt to bypass the channel of the Bank and to set up a kind of creditors' club.

(ii) With respect to the Indus development scheme, when the revision in the Indian plans had shown that $30 million were still needed for the scheme, attention had turned to the possibility of obtaining these funds from Germany. Dr. Erhard had shown some interest when he discussed this matter with Mr. Black in May. The United Kingdom was favourable. Canada and other countries considered that $30 million was too small a contribution for Germany. The Germans had finally responded by offering to provide $30 million but only on the condition that the Indian contribution be reduced correspondingly. This was a transparent and rather gross attempt to gain political goodwill in India, but it failed to provide a solution for the gap of $30 million. The German offer had been unfavourably received and it was now likely that the Germans would provide the funds necessary without a limiting condition.

CHAPITRE VI/CHAPTER VI

UNION DES RÉPUBLIQUES SOCIALISTES SOVIÉTIQUES
UNION OF SOVIET SOCIALIST REPUBLICS

PREMIÈRE PARTIE/PART 1

POLITIQUE ÉTRANGÈRE SOVIÉTIQUE
SOVIET FOREIGN POLICY

335. DEA/50170-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le chef de la Direction européenne[356]

Memorandum from Assistant Under-Secretary of State for External Affairs to Head, European Division[356]

[Ottawa, n.d.]

Mr. Davis

It strikes me that this is one of the most revolutionary (or do I mean counter-revolutionary?) statements I have ever heard from a reigning Soviet leader. The simple argument that American businessmen know they can no longer profit from war knocks the bottom out of one of the staple Leninist-Stalinist arguments. According to the press he also said that he didn't find the American leaders talking about "containment" and "retaliation." What then of the imperialist threat which has been essential to Soviet policy since 1917?

It occurs to me that the effect of Truman's tough words[357] might be to cause the Russians to revise any ideas they might have had about sitting things out till the Democrats came back. On the other hand, I don't think the Russians have ever considered Truman, Acheson, Harriman et al as promising friends as Dwight D.

What do your experts think?

J.W. H[OLMES]

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[356] Note rédigée à la main./Handwritten note.

[357] Voir/See "Truman Willing to be a Senator," *New York Times*, December 9, 1958, pp. 1, 37.

[PIÈCE JOINTE/ENCLOSURE]

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

TELEGRAM 51 Moscow, February 15, 1959

OPIMMEDIATE
Reference: Our Tel 50 Jan 31.†

MIKOYAN'S SPEECH AT CONGRESS

Mikoyan made a conciliatory speech on January 31 dealing mostly with his visit to the USA. The following are its main points.

2. *World Situation* - American government and business people listened to and understood Mikoyan's exposition of the Soviet position. They also tried to explain their own clearly and in detail and Mikoyan understood it. Mikoyan did not expect such warmth and interest from industrial leaders, and he felt their craving for peace. Americans knew how terrible war was, and the American businessmen knew that they could no longer profit from it. In talks with the government Mikoyan was told that American policy was unchangeable on international issues because it was a bipartisan policy and was worked out with foreign allies. The USSR need expect no repeat no change in this policy under a democratic government. Mikoyan was told by Harriman and a group of businessmen of both parties that they fully supported the government's position on Berlin and on disarmament.

3. Mikoyan said that after his departure from the USA many leaders tried to minimize the effect of his visit. Truman, who started the cold war, was worst, but Dulles, Nixon and others participated. Nixon, who had promised in conversation with Mikoyan that the USA would not interfere in the internal affairs of the socialist countries, said exactly the opposite in a subsequent speech. Mikoyan urged caution in reaching conclusions about the USA: there were still some who sought to prolong the cold war.

4. About foreign communist parties, he said that there was no control from Moscow, that if the USA feared communism, it feared only its own people.

5. Finally, Mikoyan reported that he had told Dulles that, in his opinion, the USA did not want war, but that the USSR was alarmed by USA bases around the Soviet Union, by military pacts with the Soviet Union's southern neighbours and by the rebirth of German militarism.

6. *Trade* - In his talks on trade, Mikoyan said that he had objected to strategic controls. He contrasted Soviet trade with the USA with its trade with other capitalist countries, blamed the USA for breaking the USA Soviet trade agreement, offered a new three, five or seven year trade agreement, stated that Soviet foreign trade would double by 1965, and assured the USA that the Soviet Union would conduct its foreign trade in accordance with international practice, and without dumping.

7. *China* - Mikoyan had assured the USA that there were no difficulties between the USSR and China, and that rumours of them were caused by hostile Yugoslav propaganda.

8. *Internal Affairs* - Mikoyan stated that the seven year plan would see a widening of democracy, and a reduction in the means of compulsion. Now there is no place here for the repression of citizens for political reasons. Force is necessary only at a certain stage of development.

9. *Anti-Party Group* - Mikoyan said that he had been asked in the USA whether renewed attacks on the Anti-Party Group did not mean that their influence continued. He had replied that it did not, that the group had not a single new member, and that the renewed attacks were merely to show the correctness of the position of the Central Committee.

336. DEA/50170-40

Note du chef de la Direction européenne pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Head, European Division, to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], February 16, 1959

MIKOYAN AT THE XXIST CONGRESS OF THE C.P.S.U.

I agree that Mikoyan has said some things at the XXIst Congress which have basic implications for the traditional views and propaganda of the CPSU and which, in the mouth of a Soviet leader on such an occasion, are therefore startling. Certainly, by recognizing that United States business circles do not want war, he has ranged himself against the ideologists and the propagandists, and given an unsettling shove to the very keystone of the structure of the external world as they have conceived this.

2. But the shock of such statements is somewhat mitigated if one recalls that the Soviet Government has been slowly but steadily building up to Mikoyan's statement ever since the death of Stalin. The process began when Khrushchev adopted as his goal the peaceful co-existence of two antithetical systems; it continued when he next told his people that they could repel any aggressor, when he then said that the USSR was secure from attack, and when he later stated that the whole concept of capitalist encirclement had to be recast; and this process culminated in Khrushchev's statement at the XXIst Congress that the socialist system is now invulnerable to external interference.

3. Since before the end of 1956 we have suspected that Mikoyan, who in that year told a foreign diplomat that the whole body of Marxism had to be re-thought, has played a steady role in this process of ideological erosion. We drew attention to this suspicion in our memo-randum of October 11 of that year.[358] In this connection you have probably noted some of the other statements of which Mikoyan felt free to deliver himself while in the United States. This included an admission that the United States is ahead of the USSR in some respects, that he did not think that the United States wished to interfere in socialist countries, that capitalism had made progress in the U.S.A. and that capitalism would survive as long as the people tolerated it. The implications of the last statement are even more basic than his views on the non-belligerence of Wall Street.

4. I suspect that a detailed study of the XXIst Congress will yield further *pronunciamentos* of this character. You have no doubt already noted that Gromyko admitted that the West fears Soviet intentions. This, I believe, is the first time that a Soviet Foreign Minister has ever said such a thing anywhere, let alone at a party congress.

5. As we have pointed out in several memoranda, the C.P.S.U. is obviously under very considerable pressure to reconcile its dogma with the facts. It cannot achieve a complete reconciliation without destroying itself, and the ultimate crisis is yet to come. The manner in which Khrushchev has set the course of high policy at the Congress suggests to me that he is very

[358] Voir/See Volume 23, document 543.

worried about this crisis. In his opening remarks he invested the Seven-Year Plan with special urgency; he has equated this plan with the final approach to communism, and he has, in turn, equated communism with catching up with the United States. In short, he has set a visible time limit on the last effort which he is demanding from the nation. Khrushchev is not yet confident that the state can reach its goals without a C.P.S.U. to galvanize it, and I take it from all this that he fears that the Party will do well to retain absolute primacy for another fifteen years. His basic political problem is to find a way to allow men like Mikoyan to confirm the obvious while at the same time holding the line long enough.

6. All of this goes far to explain the urgency and dynamism of Soviet policy at home and abroad. In view of this situation, I do not think that Moscow has ever seriously entertained ideas of waiting for the Democrats to return to power in the United States.

HENRY F. DAVIS

337. DEA/50128-40

L'ambassadeur en Yougoslavie
au secrétaire d'État aux Affaires extérieures

Ambassador in Yugoslavia
to Secretary of State for External Affairs

DESPATCH NO. 631 Belgrade, August 17, 1959

CONFIDENTIAL

SOVIET MOTIVES IN SEEKING A SUMMIT CONFERENCE

Now that Mr. Khrushchev's persistent efforts over the past two years to secure a high level meeting with the leaders of the Western Powers, and above all the United States, have achieved the results he desired,[359] it is time to review his motives. I have no doubt you are doing this in Ottawa, but I submit a few ideas which have occurred to me to supplement your own studies.

2. I think the most satisfactory explanation is that Mr. Khrushchev recognises the importance to himself personally and to the Communist Party of the USSR of gradually increasing the standard of living of the Soviet people. This is implicit not only in the Seven Year Plan but in many of his major policy statements. And I think we can probably accept at its face value his recent statement to the Swiss Ambassador in Moscow, as reported by Mr. Johnson, that he thought the best way for him to leave a mark on history comparable to those of Lenin and Stalin was by improving the lot of the Soviet people.[360]

3. He has also made it clear that he recognises how difficult this is going to be so long as the arms race continues. Furthermore he is a man in hurry because Stalin had achieved absolute power by the age of 48 whereas Khrushchev is 65. If he is to make his mark on the history of Russia he must see a major breakthrough in the problem of the distribution of the limited resources of the Soviet state within the next few years.

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[359] L'invitation à effectuer une visite aux États-Unis lancée par le président Eisenhower à Khrouchtchev fut annoncée le 3 août. Voir *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 84 à 85.
President Eisenhower's invitation to Khrushchev to visit the United States was announced on August 3. See *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 84-85.

[360] Voir Moscou à Ottawa, dépêche 803, 22 juillet 1959,† MAE 50128-40.
See Moscow to Ottawa, despatch 803, July 22, 1959,† DEA 50128-40.

4. As Khrushchev has made clear on a number of occasions, he does not really believe it is possible to continue the present arms programmes and achieve the goal of raising the standard of living, let alone catching up with and surpassing the United States. Up to now he has shown no inclination to make the preliminary sacrifices necessary to create the atmosphere of confidence which might lead to a mutual agreement to limit arms. The reason is probably because he wishes to secure the prestige for himself which would accrue from such an agreement, particularly with the United States. It remains to be seen, of course, whether even at a summit meeting he would be prepared to make any serious concessions. He may hope to secure relaxation of tension without paying a price — "Peace at no price," as the saying went in Moscow after Stalin's death.

5. I do not believe we should attach much importance to the theory that Khrushchev needs this major achievement in foreign affairs to consolidate his internal position against the "anti-party group." His personal position seems to be strong and getting stronger. But what he needs to do is build up protection against possible discontent from the new upper classes because of the slow progress towards the goal of a better life. And, while Stalin could afford to ignore public opinion, things have changed in the USSR to such an extent that Khrushchev, relying on much more sophisticated methods and dealing with a much more complicated society than Stalin, will neglect it at his peril.

6. A third Soviet motive in seeking a relaxation of tension could well be also to gain time until Soviet production, Soviet living standards, the Soviet hold on the satellites, and Soviet penetration of Asia, Africa and the Middle East, are further advanced than at present. They probably believe that by then the western world will be still further reduced in strength, that there may be further accretions to the Soviet bloc or at least to the neutral group, that the long postponed capitalist depression will have arrived and sapped the economic and moral strength of the West, and that a longish period of "peace" will have undermined the will to resist of NATO. Therefore a period of more certain peace than now exists would, in the opinion of the Soviet leaders, give them the opportunity drastically to improve their position vis-à-vis the western powers.

7. What we must decide, of course, is:

(a) whether it is in the interest of the western powers to encourage the development of a society now relaxed and conservative, and with a higher standard of living in the USSR; and, to strengthen the personal position of Khrushchev by making it easier for him to lead the USSR in this direction; and,

(b) if the assumption that a period of relaxation would favour the Soviet Union more than it would the West is correct.

8. To take the point about Khrushchev first, the Yugoslavs, at least, are firmly convinced that Khrushchev, in spite of his drawbacks, is infinitely preferable to Stalin, or the Stalinists. With this assessment I agree. One has only to examine the course of our relations with the USSR since the death of Stalin to realise that it has been infinitely easier to deal with someone who has at least some realisation of the realities of the modern world than with an oriental dictator completely isolated not only from the realities of modern capitalism but of modern weapons development. If Stalin had lived for another few years or a Stalinist were now leading the USSR, one can only conclude that the differences between our society and that of the USSR would become so much greater that an explosion would eventually become inevitable.

9. The one caveat I should like to make is that Khrushchev appears to be a much more emotional figure than Stalin and might be more easily swayed by actions which would not have swerved Stalin from his course. However, it is at the moment a slightly academic question as it is impossible to foresee who would emerge as the successor to Khrushchev if he were ousted.

10. To return to the first point, the question is essentially: is the transformation of Russia into a modern, satisfied, bourgeois, conservative society in our interests. I am convinced that it is our only hope of working out a reasonable *modus vivendi* with the Communist half of the world. There is little chance that a revolution will destroy Communism and no other alternative but a war which would destroy everyone. If we have to live together, then we must try to reduce the differences in wealth and privileges between the two halves so that the temptation to bridge this gap forcibly can be eliminated. Furthermore the closer Russia comes to the material standards of the West, the greater the gap between it and China. And material gaps are often harder to fill than ideological ones. It is in fact only in this context that I could accept Dr. Adenauer's thesis about the inevitability of a split between China and the USSR.[361] He, however, seems to believe this will come about inexorably without any help on our part.

11. Mainly, however, the advantages of a more satisfied society in Russia, are that it would increase the naturally conservative instincts among the Russian people, would provide more leisure for reflection on the state of affairs in the country, and would switch the interests of individual Communists from world revolution to the consolidation of their position in the new society. And, as someone has said, when the Russians begin to think for themselves, there is no telling where they may end up.

12. There is a great longing in Russia, so far as I can make out, to become an integral part of Western European civilisation. I think our way of life is sufficiently attractive to absorb the Russians if we are prepared to take the risk of embracing them.

13. It can be argued that a high standard of living was not sufficient to prevent the Germans from twice launching highly destructive wars. Will an increasingly sophisticated society in Russia not wish to assert its long delayed bid to take its place in the sun in the same way German ambitions suppressed over many centuries, exploded in an arrogant drive towards world domination. I think the answer is in the negative because the Russians have never worshipped militarism as such, have never had an officer caste as in Germany or Japan, have an overpowering detestation and fear of war, and are governed by a philosophy in which war plays a strictly limited role.

14. This is not to say that a more modern and satisfied Soviet society would not be a danger to the West. It will represent on the contrary a very serious challenge because the example of the obstacles overcome will be a tempting one to other under-developed countries, and because it will probably expand its influence in the rest of the world. But this is something the West will have to face up to — that Russia, with or without communism, or with a modified and less dynamic form of expansionist communism, will continue to be by its very size and strength, and the talents of its gifted people, a tremendous force in the world.

15. The main difference will be a greater reluctance on the part of the new Soviet upper classes, and of the people as a whole, to endanger what they have gained by embarking on military or political campaigns to expand the area of communism for the sake of an ideology of doubtful application to the modern world. The need to expand communism coincided with the period of Soviet weakness and it seemed to justify the risks by providing a glacis around the state still not entirely sure of itself. I doubt if this argument would still attract many Russians after the achievement of a better society in a world where a peaceful *modus vivendi* between the two blocks had been worked out.

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[361] Voir/See Hans-Peter Schwarz, "Adenauer's *Ostpolitik*," in Wolfram F. Hanrieder, ed., *West German Foreign Policy: 1949-1970* (Boulder: Westview Press, 1980), p. 130.

16. The last question is in essence: Is time on our side or that of the Communists? And it is closely linked with the previous question. I think first that time is not on our side unless we make it work for us. In other words the Soviet bloc is certainly increasing its strength and prestige at a greater relative strength than the West, though perhaps at not as great a rate as the Soviet leaders plan on. Therefore, if we do nothing to prevent the Russians cutting down the West's lead and simultaneously increasing the influence of the bloc among the non-committed countries then it can hardly be doubted that the Soviet Union will be in a relatively stronger position than the West in five or ten years time.

17. Since the West seems disinclined to make the material sacrifices necessary to confront the USSR with the kind of total effort the latter makes, and is practically incapable of a psychological counter-offensive that would be really effective with the non-committed countries, it seems to me that our only hope is in fact a gradual evolution in the ideas of Soviet man and a mellowing of Russian society. This would consist of a triple process: the breaking down of the barriers between East and West, already started, so that the two societies can become less rigidly separated; the turning away by the Soviet communists from the original revolutionary ideas of the Marxist movement to the problem of creating a better and richer society in the Soviet Union itself; and finally the evolution in the basic military, economic and political concepts of the Soviet leaders from the perverse and dangerously erroneous ideas of Stalinist times, the product of semi-oriental isolation, to a more realistic appreciation of the world of today.

18. The Soviet leaders today are certainly better informed about the outside world than was Stalin. And yet Khrushchev is still able to do and say things which indicate an appallingly outmoded concept of the Western world, one still based on the original picture of capitalism painted by Marx. Even more important, perhaps, is the need for a more realistic approach by the Russians to the realities of modern warfare. While Khrushchev seems to have departed a long way from the Leninist-Stalinist idea, based on Clausewitz, that military force must be considered as an extension of Soviet foreign policy, and to have realised that, in the context of modern armaments, the threat of war becomes either meaningless or too dangerous to be played with, he still has not accepted the opinion which Malenkov expressed that modern nuclear war would mean the destruction of both communism and capitalism. Khrushchev certainly accepts the doctrine of Foch that "On ne fait la guerre que pour ses résultats." The difference is that he may not yet fully realise what those results are likely to be, and we need time for this to be absorbed by the Soviet leaders.

19. Khrushchev, however, has shown himself to be highly pragmatic, and to be prepared to scrap any number of sacred Marxist or Stalinist ideas if he thinks they interfere with material progress. He and his lieutenants are people who can learn. And, as Irving Kristol said in a recent article, it is the ideal function of western diplomacy to encourage them in this work of reassessment.[362] This has too long been delayed, but we now finally have taken the first important step forward and, it seems to me, it is up to every member of the Western alliance to play its share in this process, even though inevitably the heaviest load must fall on the United States.

R.A.D. FORD

[362] Voir/See Irving Kristol, "Toward Pre-Emptive War?" *The Reporter*, Vol. 20, No. 10 (May 14, 1959), pp. 39-41.

338. DEA/50170-40

Note du chef de la Direction européenne pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, European Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 5, 1959

KHRUSHCHEV'S SPEECH TO THE SOVIET PEOPLE ON HIS RETURN FROM THE U.S.A.

Mr. Khrushchev's speech at Luzhniki Sport Palace on September 28, reporting on his U.S. visit to the Soviet people[363] must be regarded as one of the most remarkable statements ever made by a Soviet leader to his people, particularly when considered against the background of the biting and aggressive speeches Mr. Khrushchev was making only several months ago.

2. What is most impressive is the general tone of the speech. It is infused with reason, caution, optimism and counsel for patience. Equally impressive is the relative absence of attempts to score propaganda points, to claim the visit as a triumph for Khrushchev personally, or for Soviet communism.

3. A series of the major tenets of communist ideology and propaganda *vis-à-vis* United States capitalism were either directly negated by Mr. Khrushchev or implicitly denied by his failure to refer to them. He made no reference even obliquely to:

(1) The exploitation of workers in the United States;

(2) The dependence of the U.S. economy on the armaments industry (and therefore the vested U.S. interest in the cold war);

(3) U.S. aggressive designs on Soviet territory;

(4) The inevitable triumph of communism over capitalism.

4. On the other hand, he made the following explicit statements which directly reverse the Party line formulation on these matters:

(1) President Eisenhower has an earnest desire for peace;

(2) President Eisenhower enjoys the absolute confidence of the majority of the people in the United States;

(3) Disarmament is a serious and intricate matter, the achievement of which will require a tremendous effort by all countries concerned.

5. Of potentially more serious consequence to the structure of communist doctrine and dogma was the extraordinary emphasis which Mr. Khrushchev placed on the need for the application of "human reason" to dispose of the great peril of nuclear war facing mankind, together with many references to the need for truth, accuracy and objectivity in assessing and resolving outstanding differences and world problems. This must have come as a refreshing shock to most of his listeners who, for so long, have been subjected to the doctrinal view that reason, truth and objectivity are functions of a class position and outlook.

6. Mr. Khrushchev did refer critically to the security measures taken on his behalf during the first part of his visit and to the evidence he had found of a deliberate effort to control the enthusiasm with which the American people received him in the initial stages of his visit.

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[363] Voir/See "Report by Khrushchev in Moscow on Return from his United States Tour," *New York Times*, September 29, 1959, p. 20.

However, the incidents he referred to seem to have been accurately reported and he qualified his remarks by stating that he was referring to them only in order to provide an objective report of his reception in the United States.

7. He also shied away from any real analysis of the reasons for the obvious reservations with which the United States continues to approach an accommodation with the Soviet Union. Instead, he described this hesitancy to "forces in the United States ... which want a continuation of the cold war and the armaments race. Whether these forces are big or small, influential or non influential; whether the forces which are supporting the President — and he is supported by the absolute majority of the U.S. people — can win, are questions to which I would not hasten to give a final answer. Time is a great counsellor." By this simple explanation, however, Mr. Khrushchev has reduced the Soviet Union's external enemy from the capitalist world as a whole to a group of men of indeterminate influence who wish to see a continuation of the arms race.

8. It remains to be seen, of course, whether the relatively reasonable approach taken in this speech will have any permanent effect on the dogma and propaganda generated by the CPSU, and, whether it will be reflected in the Soviet Union's position in the immediate future on specific international issues. The way is open to Khrushchev at any time to accuse President Eisenhower or the United States Government of bad faith on any one of a number of issues and revert to an aggressive and antagonistic attitude. Indeed, Khrushchev has shown himself to be quite adept at reversing his Party line field in the past. Nevertheless, he has in this speech committed himself heavily to a reasonable attitude and has thereby added, for those who give credence to his word, to the impression he left in the United States of the sincerity with which he is seeking an accommodation.[364]

HENRY F. DAVIS

339. DEA/50128-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], October 7, 1959

THE SIGNIFICANCE OF A DÉTENTE

One serious danger involved in a general goodwill agreement such as that reached between Khrushchev and Eisenhower on the American visit is that people in the West in general, and the Americans in particular, will misunderstand the nature of the reservations which have to be taken for granted. When the Russians continue to pursue certain traditional policies in the Middle East, Africa and elsewhere, people in the West may consider that they have been deliberately double-crossed and the international climate may become worse than ever. Khrushchev, fortunately, was frank about his intentions to continue Soviet policy. There was so much talk, however, of peaceful methods that some people may have been led to conclude that traditional Communist tactics would be suspended. It is possible that Soviet tactics will be less provocative and less hostile and their direct interference in some countries less vigorous, or at

[364] Notes marginales :/Marginal notes:
Minister to see. Seen 18/10. R. C[ampbell]
Seen by Prime Minister Oct. 20/59. H.B. R[obinson].

least less direct. They are still going to campaign, however, for the support of the Arabs, the Africans and the Laotians.

2. This is not just to repeat the old and simple argument that Communist aims are irrevocably fixed. The point is that it would be unwise to expect them to change noticeably at this early stage. As Walter Lippmann has pointed out, the status quo for them is dynamic.[365] When they offer peaceful coexistence they do concede some of the more dangerous principles of Marxism-Leninism-Stalinism (the technical term of a few years ago), but they have not promised to give up the struggle. The hope for us in coexistence is that the Russians will grow so comfortable in it that their zeal for the crusading principle which they will continue to proclaim will subside. The chances for such progress will be spoiled if a present misunderstanding of the Soviet position leads to the conclusion that the Russians are deliberately deceiving us and that negotiation with them is impossible. A certain amount of sharp practice, double talk, and a consistent effort to get the better of a bargain on the part of the Russians must also be taken for granted, but we should reflect on the universal failings of human nature and not get panicky.

3. Although concern about misunderstandings of this kind on our part has been generally recognized, we may not have been sufficiently conscious of the danger that on the Communist side there might be similar misinterpretations of Western policy based on illusions about the extent of agreement reached. During conversations the other day with Lewandowski of the Polish Foreign Office I became particularly conscious of an attitude on his part which reflected what the Russians now expect from us. As a Pole, Lewandowski was naturally happy over the better atmosphere established following the visit. He has a sophisticated understanding of Western policies and is not given to illusions. Nevertheless, he was quite upset by two developments in the United Nations Assembly in particular: the move to put Tibet on the Agenda, and the sponsoring of Turkey to run against Poland for the Security Council.

4. Lewandowski did not argue these cases with particular attention to their merits. His case was that these were both Cold War exercises which ought not to be expected in the present circumstances. This attitude applied particularly to the question of Tibet. I explained to him that, although we had not pushed a debate on Tibet, we recognized that many people felt strongly that the United Nations ought not to ignore behaviour of this kind. He pointed out that on the Communist side they had not raised such a question as Nyasaland; he was afraid, however, that if Tibet were insisted upon, someone on their side would raise these other matters. I pointed out that the Communist states always belaboured the Western powers heavily over colonial issues. I did not think it was fair that China should be allowed to escape censure for her colonial policy by pleading immunity from Cold War tactics when the Western powers were not able to plead likewise that the rules against Cold War applied in Africa. He then drew to my attention that it was one thing for them to speak critically on subjects which were already on the Agenda, as we ourselves did on certain traditional items; it was another thing, however, deliberately to put a new subject on the Agenda and this was something the Communist states had not done at this stage. He was not trying to threaten us on the basis of Nyasaland for Tibet. What he was trying to do, I think, was point out that on the Communist side they had certain expectations of Western behaviour as a result of the relaxation of tension and that they were, on their side, making some concessions to the relaxation of tension which they expected the West to match.

5. It is true, I think, that the Russians have not gone out of their way to add fuel to the flames in Africa in this Assembly — whatever they may be up to in pursuing their traditional policies in Conakry or the Cameroons. While the Chinese Communists seem to have been intervening mischievously in North Africa, the Soviet position has been relatively moderate over Algeria.

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[365] Voir/See Walter Lippmann, *The Communist World and Ours* (Boston: Little, Brown, 1959), pp. 12-13.

This may well be part of what Khrushchev would consider a fair deal. If he holds back on some of his favourite issues in the United Nations, then he would expect the Americans to do likewise. For this reason, there is a danger that the Communists may attach particular signifycance to such actions as the inscribing of Tibet, the refusal to accept the Eastern European member of the Security Council and any further monkeying about with the veto.

6. This is not to suggest that we should, without question, act as the Communists expect us to, but merely that we should give due consideration to this aspect of the consequences of our actions. We may be entering a period in which, even more so than in the past, there can be tacit understandings by which the Communists will behave in one part of the world if we behave in another. It need not be assumed, however, that all the advantages in such a game are on the side of the Russians. We have a greater interest than they, for example, in a policy of mutual restraint in Laos. We should also bear in mind constantly the grave danger that the Russians will become convinced that we are double-crossing them, that the Khrushchev policy is a failure, and coexistence with the West is impossible. The urge to score points, however valid, against the Communists in the United Nations may be particularly costly in this critical period.

J.W. H[OLMES]

340. DEA/50346-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], October 24, 1959

SUMMIT MEETING PROPOSALS

Since the question of a Summit Meeting will undoubtedly be to the fore in your discussions with President de Gaulle, Premier Debré and others,[366] you may wish to have a summary of the situation as it now stands along with comments on Canadian policy.

Attitude of President Eisenhower

2. In his talk with the Prime Minister on October 23, Mr. Robert Murphy, U.S. Under-Secretary of State said that President Eisenhower attached high importance to arranging an early meeting of the Western leaders. The President felt that no opportunity should be lost in maintaining the improved atmosphere which had resulted from Mr. Khrushchev's visit to the United States. To this end, the President had some ten days ago addressed messages to Prime Minister Macmillan, President de Gaulle and Chancellor Adenauer, seeking their agreement to the fixing of a date for a "business meeting" at which there could be a stock-taking of the current international situation and at which the ground could be prepared for a subsequent Heads of Government meeting with Mr. Khrushchev.[367]

[366] Ces discussions eurent lieu alors que le ministre se trouvait à Paris pour la conférence des chefs des missions en Europe. Voir chapitre 5, partie 5b.
These discussions took place during the Minister's visit to Paris for the Heads of European Missions meeting. See Chapter 5, Part 5b.

[367] Voir/See *Foreign Relations of the United States, 1958-1960, Vol. IX* (Washington: United States Government Printing Office, 1993), document 24.

3. President Eisenhower said in his press conference on October 22[368] that he remained ready at any time to go to a meeting of the leaders of the other Western powers to coordinate Western policy in preparation for a Summit Meeting. He said he had been thinking that coordination of the Western position could be completed in this manner, clearing the way for a Summit Meeting by the end of the year. He pointed out that as long as this Western Summit Meeting was postponed, the farther back the date of the Summit Meeting itself would have to be set.

4. The President made these statements after an exchange of messages had taken place between Washington, London, Paris and Bonn on this issue and in the knowledge that the French Government had issued a public communiqué on October 21,[369] advocating postponement of a Summit Meeting until next spring.

United Kingdom Position

5. In an Aide Mémoire of October 21, we were informed by the U.K. Government that it was strongly in favour of holding a Summit Meeting in the first half of December and that it considered the Summit Conference should be preceded by a meeting of the heads of government of the U.S.A., U.K., France and West Germany. The U.K. Government said that if a Summit Meeting were held in December, it would hardly be possible for it to reach any firm decisions on major issues such as disarmament and European security, or to do more than discuss such matters in general terms and lay down certain principles which might be explored in further discussions. It was the United Kingdom's hope, however, that definite progress might be made at least as regards Berlin and that it would be possible to reach some kind of interim settlement on the lines discussed at Geneva. It has also been indicated that Mr. Macmillan remains in favour of a series of Summit Meetings. The U.K. Government informed us that President Eisenhower had been taking the lead in consultations and that he shared the U.K. interest in holding a Summit Meeting in the first half of December. Apparently, Dr. Adenauer agreed, provided there seemed to be adequate time for preparation of the Western position.

6. The United Kingdom position on these issues has largely been overtaken by the events of the last few days — the French Government's public indication of an unwillingness to support a Summit Meeting until Spring and de Gaulle's invitation to Khrushchev to visit Paris — but it can be assumed that the U.K. Government has not lost its enthusiasm for the gradual process of East-West settlement that might be possible through a series of Summit Conferences. (This is in contrast to de Gaulle's apparent preference for a global approach, preparing well and then trying for major settlements on Germany, Berlin and disarmament at one all-important gathering of Heads of Government.)

Attitude of President de Gaulle

7. The U.K. had informed us of General de Gaulle's view that insufficient progress was made at the talks between President Eisenhower and Mr. Khrushchev to warrant the holding of an early Summit Meeting and that such a meeting should be postponed until further progress and preparation were possible. This attitude was made public with issuance of the French Government communiqué on October 21, asserting that the idea of a Summit Conference was welcome in principle, but that before such a conference there should be an effective reduction of tension and time for adequate Western preparation. This being so, the French Government said it could envisage a Summit Conference in the Spring.

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[368] Voir/See *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1959* (Washington: United States Government Printing Office, 1960), pp. 732-41.

[369] Voir/See "Text of Paris Communiqué," *New York Times*, October 22, 1959, p. 6.

8. This French Government statement was followed by the announcement that President de Gaulle had invited Premier Khrushchev to visit France, the dates to be determined later. Our Ambassador in Paris reports that it is generally considered that the French took the initiative on this arrangement, and that there is no hint of a matching Soviet invitation to de Gaulle to visit Moscow.

9. Our Ambassador gives the opinion that de Gaulle's action in inviting Khrushchev is in line with his constant aim of ensuring that France plays her full role as a senior member of the Alliance. The President no doubt considers it proper for him to have first-hand talks with Khrushchev, bearing in mind that Mr. Macmillan and Mr. Eisenhower have already done so. He is probably anxious to acquire the kind of knowledge which one can get only by personal contacts and without which he would feel at a disadvantage, compared with the other two.

10. Also, the Algerian issue is very much to the fore in French minds, and in coming weeks President de Gaulle probably wishes to devote most of his attention to the delicate negotiations required to bring about a settlement. His plea for Allied support for his position on Algeria could put him at a disadvantage with them when bargaining on wider issues. The desire of de Gaulle to conduct nuclear explosion tests could also be involved. If even a tentative move were made at an early Summit Meeting for preparing the way on disarmament, it would create further impediments to the proposed nuclear tests in the Sahara. Presumably de Gaulle wishes to complete these prior to a Summit Conference.

11. The reaction of the United Kingdom Government to the issuance of the French communiqué was described for Mr. Drew on October 22, by the Secretary of State for Commonwealth Relations, Lord Home. He indicated that Mr. Macmillan was greatly disappointed, not only by de Gaulle's firm statement about not holding an early Summit Meeting, but also by the manner in which it was made. (General de Gaulle's bitterness at not being consulted on Eisenhower's invitation to Khrushchev was probably the cause of his abruptness.) Mr. Macmillan is convinced that it is desirable to maintain the momentum of personal contacts which have proved useful in reducing tension. He anticipates that the first Summit Conference will be followed by others and that even if only limited results could be achieved, the extended area of goodwill created by such contacts would be helpful. He fears that if the first meeting is delayed too long, Khrushchev may become restless and do something which will create further difficulties. In the present circumstances, however, the U.K. Government is resigned to a later Summit Conference.

12. The Soviet Union added somewhat to the confusion on October 23, by issuance of a statement through TASS. It said its views on a Summit Meeting remained unaltered. It regarded a meeting of the Heads of Government as necessary and believed that the earlier a Summit Conference was called the better it would be for peace.

Canadian Attitude

13. On a number of occasions, in Parliament and elsewhere, it has been indicated that the Canadian Government is in favour of an early Summit Meeting. In your address introducing the estimates in the House on July 9, you said that you thought as few prior stipulations and preconditions should be placed in the way of a Summit Meeting as possible. In a speech in Ottawa on September 8,[370] the Prime Minister said that the Canadian Government had not changed its view that progress towards settlement of major international problems might be facilitated by a Summit Conference. This view has been set forth several times by our representative in the NATO Council.

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[370] Voir/See "PM Sees Nothing Final from Ike-Nikita Meet," *Winnipeg Free Press*, September 9, 1959, p. 7.

14. In the NATO Council meeting of October 21, our Representative said that Canada had not changed its previously expressed view that a Summit Meeting should be held at an early date. He pointed out that there exists now, however, a somewhat changed atmosphere as a result of the Eisenhower-Khrushchev exchanges and that Canada was inclined to consider that the urgency of a Summit Meeting had been somewhat reduced. He expressed the view that a top level meeting should be planned for as early a date as would give promise of achievement and that this should be related to President Eisenhower's assessment of his talks with Khrushchev.

15. You may wish to take the stand in discussions with General de Gaulle and others that while Canada has been in favour of a Summit Meeting at an early date, you recognize that the desirable purpose of maintaining the momentum of high-level contacts with Khrushchev will be furthered by the forthcoming visit of the Soviet Premier to Paris. You could say that the Canadian Government considers that in recent months the world has entered an important new phase of East-West relations and that Canada, while fully aware of the difficulties to be overcome in achieving major agreements, sincerely hopes that no opportunity will be lost to exploit in a full and realistic manner this new international atmosphere. If a first Summit Meeting achieved nothing more than an interim agreement on Berlin that helped dampen the fuse of the explosive situation there, this would be an extremely worthwhile accomplishment. Later settlements with the Soviet Union might then be developed, step by step, in the years ahead through a series of conferences, at the Summit or other high level.

N.A. ROBERTSON

341. DEA/11253-B-40

Document de la Direction européenne
pour discussion à la conférence des chefs des missions en Europe

Paper by European Division
for Discussion at Meeting of Heads of European Missions

PAPER NO. 6 Paris, October 26-29, 1959

CONFIDENTIAL

COEXISTENCE AND THE WESTERN ALLIANCE

Prior to and during his recent visit to the United States, Mr. Khrushchev developed his now familiar variations on the theme of coexistence: (a) the only alternative to coexistence is the most destructive war in history; (b) coexistence does not mean merely living side by side in the absence of war but it can and should develop into peaceful competition; (c) peaceful competition in turn will bring the ultimate victory of communism, but this victory will not be achieved through interference in the internal affairs of capitalist countries but rather by virtue of the more progressive nature of the socialist system.

2. The popular appeal of the concept of coexistence, the growing realization of the catastrophic consequences of nuclear warfare, and the increasing strength of the Communist bloc present serious problems for the Western Alliance. While it can be argued that the same problems have confronted the West since the Geneva Summit Conference of 1955, they appear in even sharper form today.

3. Western leaders have consistently maintained that any permanent improvement in the international atmosphere can only be achieved through a settlement of the outstanding issues which are the source of present day tensions. Canada has endorsed this view and has emphasized the importance of recognizing that there is no alternative to negotiation. Clearly negotiation is the only means of arriving at a settlement. But on what terms? If we are agreed that the Soviet leader earnestly desires peace, it still remains to be seen whether he is prepared to make any serious concessions. For the Western Alliance it is highly important to estimate realistically Soviet intentions and to determine the limits we are prepared to go in the interests of arriving at a détente with the Soviet Union. The danger of exchanging proclamations of peaceful intentions without progress on major issues is that the West may be manoeuvred into a position during future negotiations where, by adopting a firm position on Berlin, for example, it may be open to the charges of deliberately wrecking the prospects of an East-West understanding.

4. In the slightly improved international atmosphere generated by the Khrushchev visit, the problem for the Alliance is essentially one of maintaining unity of purpose and direction in the months ahead. Already there are signs of German worries concerning the extent to which President Eisenhower may have given into the communist point of view on Berlin (i.e. his reference during his recent press conference to the "abnormal situation" in Berlin).[371] There will undoubtedly be differences of emphasis within the Alliance in the future as there have been in the past. Our task will be to resolve our differences in the interests of the Alliance as a whole, to steer perhaps a course between rigidity on the one hand (reflected often in the views of Germany and the Netherlands) and flexibility on the other.

5. Our task will be facilitated somewhat if collectively we accept the fact that progress in negotiations with the USSR is bound to be slow and limited. It is significant that the Khrushchev-Eisenhower exchange resulted in agreement to reopen negotiations on Berlin and no mention was made of the wider problems of Germany and European security where the positions of the two sides are almost diametrically opposed. Within the Alliance there will be a continuing requirement to impress on the member most directly concerned, i.e. the Federal Republic of Germany, the importance of establishing a realistic approach and of not setting Western sights too high. Political consultation in NATO offers the best means of bringing about a measure of understanding and harmony of views within the Alliance in the months ahead. Both the United States and the United Kingdom have demonstrated on several occasions a willingness to bring the combined weight of NATO opinions to bear on such issues and it should be Canada's role to assist in every possible way in this regard.

6. It should be recalled in this connection that during the discussions preceding the Geneva Foreign Ministers meetings a deliberate attempt was made to avoid any impression of expressing a Canadian position on the main issues confronting the Conference. The technique was adopted of exploring "lines of enquiry" through diplomatic channels and of limiting any expressions of Canadian views in the Council to comments on proposals put forward by the U.S., the U.K., France and the Federal Republic. This method may have led to some misunderstanding of the Canadian motives and it is for consideration whether a more conventional approach of full and frank participation in Council discussions would not be desirable in the future.

7. A second important problem in the months ahead will be to ensure that any warming in the international climate, or any limited progress on Berlin, should not in the absence of any agreed measure of controlled disarmament precipitate any relaxation of our vigilance or weakening in

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[371] Voir/See *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1959* (Washington: United States Government Printing Office, 1960), pp. 694-702.

our resolve to maintain an adequate level of defence. There is every reason to believe that the communist leaders respect strength and that we are exposing ourselves to grave risks if through a slackening of our efforts we permit the balance of military strength to tilt appreciably to our disadvantage. Refusal to impair our military strength should not, however, prevent us from examining the adequacy of the strategy which determines the use and purpose of that strength. With Canadian units on the way to obtaining missiles and aircraft designed to be armed with nuclear weapons, we have perhaps a renewed interest in a re-definition of the political conditions under which atomic weapons in the NATO shield may be used. It might also be appropriate for the Alliance to take a close look at the presentational problems involved in explaining to the Western public the rationale behind maintaining a highly expensive defensive position in an era where the international atmosphere might appear deceptively friendly.

8. Finally, the prospect of moving towards an era of peaceful competition with the Soviet bloc should encourage us to assess the future viability of the Alliance in the interests of meeting the communist challenge more effectively in those areas where the emphasis will inevitably be on economic and social problems and the "battle ground," the so-called under-developed countries of the world. The Canadian view had traditionally been that NATO was never intended to become an effective organ for economic cooperation. The interpretation we apply to Article 2 is that the principles of economic collaboration set out therein should engender and inspire efforts by member countries to solve specific problems amongst themselves or in other forums where these topics can more appropriately be dealt with. We have consistently opposed any efforts to duplicate within NATO work being done through the U.N., its specialized agencies and the Colombo plan to promote the economic well-being of less developed areas of the world. In this approach we have not been alone in the Alliance. It is for consideration, however, whether in the changing circumstances of peaceful competition we might not wish to consider some modification in our approach in order to achieve through NATO a greater degree of coordination of national efforts in the field of assistance to underdeveloped countries.

342. DEA/11038-6-C-40

Déclaration de l'ambassadeur en Yougoslavie à la conférence des chefs des missions en Europe

Statement by Ambassador in Yugoslavia to Meeting of Heads of European Missions

CONFIDENTIAL [Paris, October 27, 1959]

COEXISTENCE: THE COMMUNIST CHALLENGE

Instead of commenting directly on the paper which has been circulated[372] I would like to develop a bit further some of the points in it, although I will be referring back from time to time to arguments in that study. My remarks will in effect contain a summary of the departmental paper as well as additional points.

[372] As well as the paper on "Coexistence and the Western Alliance" (previous document), a paper titled "Coexistence: The Communist Challenge" had also been circulated. Ford's statement relates more to the latter, while the general discussion (next document) deals with the arguments in both papers.
Comme dans le document « La coexistence et l'Alliance des pays occidentaux » (document précédent), un autre document intitulé « La coexistence : Le défi communiste » avait également été distribué. La déclaration de Ford fait davantage référence à ce dernier document, alors que le débat général (document suivant) porte sur les arguments invoqués dans les deux documents.

It seems clear that the nature of the Communist challenge is changing just as rapidly as the nature of power relationships among the major powers. The nature of this challenge has often been obscure in the past, and we have occasionally laboured under formidable misapprehensions about it. There seems always to have been a time lag of five to ten years in recognizing the changing nature of this challenge.

I think we can see four stages in the Communist threat. The first, from 1917 to 1939, was the period when the Soviet Union itself was militarily weak but its doctrines had a tremendous appeal to the under-privileged and many of the intelligentsia throughout the world. The threat in this period was based primarily on the existence of an international revolutionary proletariat in the West, sympathetic to the U.S.S.R. When we attempted to combat ideas with force we failed. But it is equally significant that when the U.S.S.R. sacrificed ideas for military strength by the pact with the Nazis, it lost much of its appeal abroad except to the fanatics.

In the second period, from 1945 to 1957, the threat was of an increasingly arrogant semi-oriental dictatorship, which, while not necessarily seeking war might easily have stumbled into it by its ignorance of the outside world. Although the appeal to sectors of Western opinion still existed, this aspect of the threat was less important than the direct confrontation of two groups of countries in a more or less traditional power rivalry. At the same time it was easy and inevitable that we should exaggerate the danger of a resort to war by the Russians, and neglect the still continuing ideological challenge.

We entered the third period with the achievement by the U.S.S.R. of parity, even superiority, with the United States in nuclear weapons and the ability to launch them. This period, it seems to me, will be one of a stalemate as far as the traditional exercise of military power between the two blocs is concerned, and intense competition on other levels, particularly in those areas where the Marxist system still retains some appeal, in Asia, Africa and Latin America.

These first three periods have been ones in which the Communist challenge meant almost exclusively the Soviet challenge. Any victories for communism meant victories for the U.S.S.R. But already in the present period it is becoming clear that this is no longer strictly accurate. Yugoslavia resisted the thesis that communism is synonymous with the word of Moscow, and still refuses to accept it. China pays lip service to the theory but is already restless, and considerable concessions have had to be made to Poland. The fourth period, then, I think will be one in which the monolithic nature of the Soviet bloc, already grossly exaggerated, will begin to shade off into various forms, and the national interests of countries as diverse as Vietnam and Hungary may exercise as great a role as the one common factor, the Marxist system, which will itself be subjected to the many stresses and strains inherent in the passage from one stage of growth, that of a primitive, messianic society, to that of a more conservative and prosperous civilisation. If we have not before then succeeded in controlling armaments it may also be potentially a much more dangerous period because central control by Moscow of its empire is likely to be much less absolute than at present.

Mr. Khrushchev has made it abundantly clear that Soviet aims of expanding the area of Communism have not altered. But, with the decline in strength and appeal of the Communist parties in the West, with the apparent decision by Moscow not to attempt to expand Communism by force, and on the basis of the health, strength and prosperity of the Western world, the Soviet leaders may have made a private assessment that there is little prospect of expansion in the West during the coming decade. Making the most therefore of what Khrushchev probably decided was inevitable anyway the Russians think that this period of détente can be utilised so that the Soviet economy can be built up, the problems of a higher standard of living in the U.S.S.R. met, relations with other Communist states consolidated, the Western world reduced in relative strength, and the Western alliance gradually undermined by

a combination of ideological drives, trade and aid. The size and importance of the military threat is something I imagine we will discuss later this morning, and during the talks about disarmament.

The reasons for this change of tactics are probably (a) the desire of Khrushchev to establish his place in Russian history as the man who preserved peace and transformed Russia into a modern society (b) the need to divert a larger proportion of Soviet resources to consumer goods to meet the needs of a rapidly growing literate middle class demanding a higher standard of living (c) a pragmatic recognition that modern weapons have become so horrible that they are self-defeating and can no longer be used in the traditional way to back up foreign policy aims (d) the need to complete the seven year plan for which at least some easing of the armament burden is necessary (e) a desire for trade, preferably on a credit basis, with the West in order in part to speed up the seven year plan, in part to disrupt the established pattern of Western trade (f) recognition of the advantages to the U.S.S.R. of a skilful policy advocating peace, disarmament, and "normalcy," including the possibility of gradually breaking up the NATO alliance and (g) the need to establish a *modus vivendi* with the West before China becomes too great a problem.

Khrushchev must think that a period of relaxation of tension carries greater advantages for the U.S.S.R. than for the West. I think to a certain extent he has already won the first of his aims — that is he has secured a reasonable assurance that the United States is not really planning to attack the Soviet Union. Therefore even if no progress is made in disarmament, or in solving the Berlin crisis, he can proceed on the assumption that the West is not going deliberately to attack the Soviet Union, and although this fear may have seemed to us in the past grossly exaggerated it was deeply rooted in the Soviet mind. But the Russians probably want more than this minimum, i.e. some measure of disarmament and a recognition of spheres of influence, a clean line dividing the Soviet bloc from the Western bloc — if possible along the present frontier, and with the elimination of the Berlin outpost.

But if the Russians really want "peace" then they are faced just as much as we are by the price that may have to be paid — on their side by accepting a water-tight system of disarmament controls, and concessions on Germany. In the latter case at the present time all it would require would be the *status quo* on Berlin, but that in itself would make the "détente" a pretty uneasy one. I doubt myself that the Russians are now going to back down very much over German reunification, though they may make some relatively satisfactory temporary arrangements for Berlin. I think their tactics will be to continue to thump the peace drum for all it is worth, play down Communist activities in the West, play up cultural and other exchanges, and press very hard for normal trade. They probably hope that an accumulation of these tactics will obscure any lack of give over German questions, and in the meantime the Western position will be gradually eroded.

The difficulty for the West is that we can hardly return to the position of a year ago even if we wanted to; if the Russians have made up their minds to choose weapons other than military ones we have no alternative but to follow suit. But if we are dragged gradually into accepting a situation of tacit truce rather than taking the offensive in this new situation I do think we run the risk of losing ground.

On disarmament it is clear what must be done, but the thorny problem will be whether we should really put Soviet intentions to the test by proposing compromise plans for German unification, for trade, for joint aid and technical assistance to underdeveloped countries, for greater cultural and scientific cooperation and so on. But just as we should be prepared not to give anything away for nothing, we can hardly expect any unilateral compromises from Moscow.

The very fact that Khrushchev seems to see great advantages for the U.S.S.R. in his version of peaceful coexistence ought of course automatically to put us on guard. But his Marxist interpretation of developments is not necessarily the right one. He would not, for example, accept Professor Rostow's belief that the Communists have deliberately postponed the era of high mass consumption in Russia in order to divert their limited but growing resources to extend the international influence of the U.S.S.R. While I would not go so far as Professor Rostow[373] in saying that a more normal type of economic growth, and an era of high mass consumption in Russia, will create the atmosphere in which the Communist Party will wither away, I do think that a high degree of long-delayed bourgeoisification of Russia would be a development devoutly to be wished for, and one which would modify the revolutionary aspects of Soviet communism.

From my experience in the U.S.S.R. I would say that the policies advocated by Khrushchev in both domestic and foreign policy are infinitely preferable to those of Stalin. While superficially easier for the West to combat, the policies of Stalin nevertheless carried in them the germs of the inevitable conflict foreseen by Marx and Lenin. Therefore as a very minimum we ought to encourage Khrushchev's policies for no other reason than that they recognize the facts of contemporary life.

The example of Yugoslavia in this context is also relevant. From the most fanatical and rigid of Communist régimes it has developed into something radically different in the last ten years — relaxed, relatively tolerant, and preoccupied with the value of the individual. I think the main influence in bringing this about has been constant contact with the West and its ideas, and the insidious softening effect of an emphasis on raising the standard of living. I am sure the effect of comparable influences in the U.S.S.R. would be equally revolutionary.

If there were another ten years of cold war like the past decade the gap in economic power between the United States and the U.S.S.R. would inevitably decrease. There can be no doubt about that. A decade of détente might help to accelerate this process but it would not drastically alter it. Therefore the choice really is between projecting the present situation ahead ten years with the economic strength of the two blocs closer to parity and each armed to the teeth; or accepting the implications of a détente and attempting to encourage the development of more normal societies in the U.S. and Eastern Europe, and to bring them into closer association with the West.

The main point is that we would be faced with a situation presenting us with much greater flexibility of action. Already there are indications that the more fanatical communist states, China, Czechoslovakia and Albania, do not like the new policies of Khrushchev, because they are afraid of the effect on their régime. The Yugoslavs think tentatively that a period of real relaxation of tension will result in a considerable loosening of tight Soviet control in Eastern Europe. At any rate in the past a period of relaxation of tension has at once brought to the surface signs of independence among the satellites.

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[373] Rostow donna à Cambridge, à l'automne 1958 une série de conférences qui fut publiée en 1960 et traduite en 1970 sous le titre « Les étapes de la croissance économique : Un manifeste non communiste » (Paris, Seuil, 1970). Ses arguments furent résumés dans *The Economist* : voir « Rostow on Growth: A Non-Communist Manifesto, » Vol. 192 (July-September 1959), August 15, pp. 409 à 416, et August 22, pp. 524 à 531. Ford avait lu ces articles. Voir la dépêche de Belgrade # 726, 29 septembre 1959,† MAE 501 70-40.

Rostow gave a series of lectures at Cambridge in the fall of 1958, later published as *The Stages of Economic Growth, A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1960). His arguments were summarized in *The Economist*: see "Rostow on Growth: A Non-Communist Manifesto," Vol. 192 (July-September 1959), August 15, pp. 409-416, et August 22, pp. 524-531. Ford had read these articles. See Belgrade despatch 726, 29 September 1959,† DEA 50170-40.

Of course we would hardly be in a position to profit if a comparable loosening of the NATO alliance took place. Therefore practically the first requirement is agreement in NATO about the new Soviet tactics, in what way they provide possibilities for the West, and how to go about exploiting this situation to our advantage.

To recapitulate my views on Soviet intentions: Khrushchev recognises the logic of the present situation and believes that it can be exploited to improve the international position of the U.S.S.R., and to modernise Soviet Society. While he is not going to make unilateral sacrifices to achieve his aims, he may be prepared to make some compromises to secure a measure of disarmament and the maintenance of the *status quo* in Europe.

What we have to decide is (a) whether we stand to lose by such a development, and even if we do whether we can prevent it without risking the support and sympathy of the non-committed world; (b) if we should react passively and be dragged along protestingly in the wake of Soviet initiatives; or (c) whether the new phase of relations with the Soviet bloc is an inevitable development, which carries with it very great dangers, but equally great opportunities, and whether we should attempt at once to form a dynamic approach to the whole problem on the grounds that it is in our interests to encourage these developments in the Soviet bloc as not only giving us greater opportunities for exploiting explicit advantages, particularly in Eastern Europe, but as providing the only long-term hope of evolving a Russian society with which it will be possible to coexist permanently.

343. DEA/11038-6-C-40

Discussion sur la co-existence
à la conférence des chefs des missions en Europe

Discussion on Co-Existence
at Meeting of Heads of European Missions

CANADIAN EYES ONLY. SECRET [Paris], October 27, 1959

Mr. Johnson expressed the view that Soviet leaders wanted peace. In his opinion, Mr. Khrushchev was an unemotional man who knew his business and had realized it was not possible for the Soviet Union to deliver a knock-out blow. Therefore, the Soviet Union would not launch a war. For the time being, Khrushchev had a great deal of scope and flexibility in the implementation of his policy. One of his main concerns was to raise the standard of living of the Russian people. Even under present circumstances it would probably be possible for the Soviet Union to complete 85% of its Seven-Year Plan. However, Khrushchev was not prepared to seek peace at any price. His intention was to preserve the status quo, at least in Europe. On the other hand he wished to remove sore points such as Berlin. On Germany, it was unlikely that Khrushchev would wish for anything else but a divided one. Any revolution in East Germany would be a most dangerous situation for the West to face.

Pointing out that Communist China was not a satellite, Mr. Johnson thought that Khrushchev might well be encouraging the Chinese leaders to restraint. On the other hand the Soviet Union was committed to help China if ever she went to war with the United States. In sum, there was no doubt that Khrushchev was seeking some form of détente. He was a very realistic and capable man who knew where power lay. Given these facts however, there remained a fundamental undercurrent of ruthlessness and harshness in the USSR.

Mr. Southam referred to the unique opportunity which he had of developing close relations with Poles of every walk of life. From his experience, he thought that the détente was universally popular in Poland and that the Poles hoped to see further positive steps taken by the Great Powers in this direction. Furthermore, the détente gave the Gomulka experiment

greater opportunities for success. Indeed the Poland of the Gomulka régime had been made possible only because of the détente. As far as Canada was concerned, it seemed to Mr. Southam that we should welcome this new situation. The détente offered an opportunity to develop possible gaps in the Iron Curtain and this in turn would have mellowing influences in the Soviet Union itself.

Mr. Andrew said that the détente in Czechoslovakia was not popular, at least in ruling circles. The Czechs feared Germany and believed that the Germans still entertained territorial ambitions. A real détente would present a difficult challenge to the government. Germany would do well to restore relations with Czechoslovakia.

In the course of a recent trip to Hungary, Mr. Andrew had been able to ascertain that the Hungarian people now felt, a year after the uprising, that not all had been lost. A relaxation of tension between East and West could mean the fulfilment of the Hungarians' main wish — the departure of Soviet troops from their territory. Once this limited objective had been achieved, Hungary might well follow a course similar to Poland's.

Mr. Reid thought that the Germans were more worried today than they were a year ago that USA policy was becoming softer towards the Soviet Union. They were concerned lest the forthcoming election in the United States might affect American foreign policy to their detriment. Another source of apprehension was the possibility that the American people might become "bored" with the German question. Such an attitude could prolong indefinitely the status quo over German reunification.

Mr. Grande believed that the East German government were now in favour of a détente, contrary to the situation existing last year when the Berlin crisis had developed. The régime was less impatient than it had been nine months ago and believed that, given stability in East-West relations, communism could gradually creep into West Germany. Because it was hated by the people, the majority of whom were not communist, the régime wished to retain the Soviet divisions stationed in East Germany. These troops were the only guarantee that the government could remain in power. East Germans knew that they could not rise against the régime.

The effects of the détente on underdeveloped countries were also discussed. The West should maintain its solidarity while increasing its flexibility. In some areas such as the Middle East, there was evidence of disenchantment with communism and a growing sophistication was developing with regard to international relations. For the West, competitive co-existence would involve a stepping up of risks and opportunities in those areas.

It was important to watch carefully the reactions of countries like India. Nehru was deeply impressed by the communist challenge but was careful to fight it on practical rather than ideological grounds. In his view, communism was a doctrine created by a German to meet European needs. It was not tailored for India. Communism itself was not a challenge; the challenge was a brutal Russia and a brutal China.

Agreement should be reached with the coming great powers of the Middle and Far East, namely, India, Japan, and the United Arab Republic. No easy institutional way of doing this existed. A formula might be to apply the functional principle of consultations, i.e. consultations between countries primarily concerned with and having a knowledge of a given problem. For instance, consultations on the Soviet economic offensive in underdeveloped countries could take place between the five leading world traders. Likewise, the Chinese challenge, through discussions between India, Japan, the USA and the UK.

The importance was also recognized of the coming NATO Ministerial meeting, when NATO might appropriately re-examine its policies and decide on the methods required to meet the new situation which co-existence presented. Means should be found of easing the existing

tension and efforts should be made to establish new bases of unity and understanding among Western countries.

The views of the United States on co-existence were also discussed. While it was difficult to generalize with any certainty on the present situation, there was no doubt that the United States had moved considerably in the direction of a détente and towards a policy of active and competitive co-existence with the East. The United States were moving towards a more complicated and less simple albeit more understanding position. However, it would be a mistake to believe that the present USA administration was in any way "soft" on the Soviet Union; fundamental principles had not in the least been modified.

Mr. Dupuy touched upon the French position towards the USSR. General de Gaulle was of the view that an important transformation was now taking place within the USSR and the Soviet Bloc as a whole. A new era had started which might bring about stability rather than revolutionary adventures. This evolution was the root of the present policy of détente. The President believed that the Soviet leaders had discarded for the present any intention of launching a war. However, in its dealings with the Soviets, the West should be united. It must not refuse to negotiate, but be mindful that negotiations should not weaken its unity, which was essential in facing the Soviet challenge in Asia and Africa.

The USSEA explained the Canadian attitude with regard to co-existence. It was *Mr. Robertson's* view that Canada should make every effort to regularize and to ease its own relations with Soviet bloc countries. Much could be done; trading arrangements with Soviet countries should be continued and expanded; consideration should also be given to assimilating Canadian diplomatic relations with Soviet Bloc countries to those entertained with other countries. Furthermore, Canada should encourage exchanges of visits. Canada might even have to consider concluding cultural agreements with Soviet countries, a field in which the government had had very little experience in the past. A sum of small things which Canada might do, which could assist in developing a détente.

There was general agreement on these lines for a country such as Canada to pursue. Nevertheless, Canada should continue to realize who her real friends were in this process of co-existence. It was important to look forward to another basis of unity among Western countries to replace that of external fear of pressure.

The consensus of the meeting was also that the détente presented a real danger to Western unity and that the two most important problems were the long-term development of the USSR and the best way to confront the new flexible Soviet policies. To this end, NATO unity was essential, and the meeting saw the value of closer consultations with the non-committed world. One might expect the Soviets to make further policy changes as new developments took place.

During the discussions on co-existence a number of subsidiary points were raised. The High Commissioner in London emphasized the importance of the maintenance of the Canadian Mission in Berlin which had proved its value (together with the bigger establishments maintained in that city by the United Kingdom, France and the USA) in keeping track with developments taking place in the German Democratic Republic. As a listening post, Berlin was invaluable to the West. The Ambassador to Moscow indicated the importance of solving rapidly and satisfactorily a number of specific consular problems and of developing further exchange of visits between the Soviet Union and Canada.

In closing the meeting, the Minister expressed the view that there had been a considerable reduction of world tension during the past year. However, the Soviets did not always appear to be anxious to reduce tension. Canada's attitude should be one of continued careful attention to the dangers involved while all efforts should at the same time be made to assist in finding appropriate solutions. Canada was in an exceptional position: its role in the United Nations, its membership in the Commonwealth, and its special relationship with the United States and the

United Kingdom, provided it with numerous opportunities to make a worthwhile contribution in this field. Canada was in a position of great opportunity and great challenge and the Canadian people firmly supported the efforts being made in the hope that the threat of nuclear war might be removed. There was no more important factor in the world today.

344. DEA/50128-40

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

DESPATCH NO.1228 Moscow, November 5, 1959

CONFIDENTIAL

SOVIET FOREIGN POLICY: MR. KHRUSHCHEV'S SPEECH
TO THE SUPREME SOVIET, OCTOBER [31]

I am enclosing with this despatch a summary of Mr. Khrushchev's lengthy foreign policy speech to the Supreme Soviet on October 31st. The full text will no doubt be available to you in the *New York Times*.[374]

2. One is struck on reading the full text by the moderate and often conciliatory tone of the speech. Careful analysis of the substance, however, reveals little that is new in it, but this is not a matter for surprise or disappointment. It is clear that Mr. Khrushchev, like other Heads of Government is not going to announce major concessions in advance of a summit meeting. Nevertheless the speech is an interesting one and does call for comment.

3. At the beginning of his speech Mr. Khrushchev deals with the topic of peaceful co-existence. In this part of his speech he mentioned time and again the need for mutual concessions. Mr. Khrushchev gives no hint as to the concessions the Soviet Union might be willing to make, other than calling a "concession" Soviet willingness to consider partial disarmament proposals if his plan for general and complete disarmament is not acceptable at this time. Since Mr. Khrushchev spoke, however, Mr. Tsarapkin has at least agreed to consider the latest scientific data on underground explosions at the Nuclear Tests Conference in Geneva, though the terms of reference he insists upon may not be satisfactory.

4. I do not remember a speech in which the need for mutual concessions has been stressed to this extent. Now why is he doing this? Several theories can be advanced. One is that he is preparing the ground among the Soviet people for concessions which he feels necessary and which he is prepared to make at some suitable opportunity. Another is that with the talk of mutual concessions Mr. Khrushchev is putting the West on warning that substantial concessions from our side will have to be forthcoming if we are to arrive at significant agreement on outstanding issues. He has certainly tried to give the impression that the Soviet Union has taken most of the initiative in setting forth proposals for the settlement of outstanding questions and, therefore, by implication, that the next move is up to the West to make and advance towards the Soviet position. Still a third possibility, really a variant of the second, is that Mr. Khrushchev wished to create the impression in the West that the Soviet Union had not only

[374] Voir/See *The International Situation and Soviet Foreign Policy: Report Given at the Third Session of the U.S.S.R. Supreme Soviet on October 31, 1959* (London: Soviet Booklets, 1959/New York: Crosscurrents Press, 1960).

make concessions but was on the point of making more, thus encouraging the West to be less suspicious of Soviet intentions and to be more willing to grant concessions lest we be accused of inflexibility.

5. I do not profess to know what goes on in Mr. Khrushchev's mind but I think it is reasonable to suppose he had in view all three points made above. He must know that if progress is to be made at the summit (and I am convinced he wishes progress to be made at the summit), he will have to make concessions as well as the West. Hence he was warning the Soviet people and the West of the necessity for mutual concessions. Whether the concessions he will offer will be any match for the concessions he will expect from the West is another question. Certainly the West can expect hard bargaining.

6. I shall now deal with other points of interest in the speech. His kindly references to General de Gaulle should perhaps be seen in the light of his forthcoming visit to France. If he did not embarrass General de Gaulle, I imagine he has annoyed Chancellor Adenauer by praising "the realistic pronouncements of President de Gaulle and Premier Debré about the stability of the Oder-Neisse frontier." Certainly this statement angered the German Ambassador here. As regards Algeria it is true that the Soviet Union has all along adopted a cautious stand on the Algerian rebellion (it has never recognized the G.P.R.A.). If it had not been for the prospective meeting between Mr. Khrushchev and President de Gaulle, the Soviet Premier would, I think, either not have mentioned Algeria at all or would have given a bit more comfort to the FLN. His statement will hardly give pleasure to Arab Nationalists.

7. The harshest note in Mr. Khrushchev's speech was his sarcastic and insulting references to Turkey. There is nothing new in these attacks on Turkey, but in a speech where attacks on other countries were either omitted or muted his attack on Turkey was striking.

8. The other harsh note was struck in his reference to Mr. Harriman. This is perhaps not very important to anyone except Mr. Harriman who will not, I think, like to be told that he was assumed the "unseemly role of a worm."

9. The section on China is a rebuff to the remarks of Messrs. Herter and Dillon about Soviet responsibility for Chinese actions.[375] It is also a reassurance to the Chinese that there is nothing in the Western speculation about Soviet dissatisfaction with Chinese policy and a rift between China and the U.S.S.R. The U.S.S.R., says Mr. Khrushchev in effect, does not tell China what to do, yet on the question of Formosa the U.S.S.R. gives full support to the Chinese thesis that Formosa is part of China and that the Formosan problem is therefore an internal Chinese one. Though it is not absolutely certain, this may imply that Formosa is excluded from Mr. Khrushchev's injunction to the Chinese during the October 1 celebrations in Peking not to test the capitalistic world by strength at this time. In Peking too, of course, he said something about Formosa along the same lines as he did before the Supreme Soviet, though less fully and less explicitly. Perhaps the Chinese asked him for clear support on this particular issue.

10. On the matter of the border dispute between China and India, Mr. Khrushchev was careful to tread a wary line, one completely consistent with the one piece of comment on the subject which has appeared in the Soviet press (see my despatch no. 1013 of September 14, 1959).† Since the one piece of comment in September, there was nothing more on the subject in the Soviet press until October 29th when *Izvestia* printed without comment Chinese and Indian communiqués datelined Peking and Delhi respectively. Perhaps it was decided that something must be in the press so that the delegates would realize what Mr. Khrushchev was speaking about. In any event, the Chinese are not getting over the dispute with India the Soviet moral

[375] Voir/See Douglas Dillon, "Strengthening the Foundations of Freedom in the Far East," *Department of State Bulletin*, Vol. XLI, No. 1061 (October 26, 1959), pp. 571-74; "Secretary Herter's News Conference of October 6," ibid., pp. 575-81.

support they have over Taiwan. Some observers see in the reference to "Trotsky's adventuristic policy" in the ideological section of the speech and oblique criticism of Chinese policy, but I would hesitate to put great emphasis on this interpretation.

11. The sections of Mr. Khrushchev's speech on disarmament and on the summit are, so far as I can see, a clear reiteration of what he has said before. They require no lengthy comment here, and I shall make two points only. One is that disarmament is placed quite clearly and unequivocally as the number one problem, at a summit meeting or elsewhere. The second is that, as has been the case in a number of recent articles in the Soviet press, Mr. Khrushchev has heavily stressed the tremendous cost of armaments and the resources which a thorough-going disarmament programme would release for other purposes. I am sure that Mr. Khrushchev would gladly make the switch in use of resources to other ends in order to ensure his place in history as the man who brought prosperity to the Soviet people.

12. The section on ideology in Mr. Khrushchev's speech is also worth noting. Unless I am mistaken, ideology is given heavier treatment than it would normally in such a speech. Partly, I think, this is an answer to the comment which has appeared recently in the Western press to the effect that Mr. Khrushchev's trip to the United States may have caused him to question some of his fundamental ideas on the nature of the capitalist system; or alternatively that as creature comforts grow more plentiful and assume more importance in the lives of the Soviet people, they will start to think in a bourgeois fashion in other fields as well. Partly too, Mr. Khrushchev's emphasis on the ideological purity of his present policies may be an attempt to prove to the Party theoreticians that he, Nikita Sergeevitch, practical and empiric a man as he is, still knows his Marxist-Leninist theory, still accepts it fully, and in fact can make the distinction between principles and tactics better than they can.

13. One final word should be said about some of the omissions from the speech. It is perhaps worth nothing that Chancellor Adenauer was not attacked, though this is not surprising because attacks on Chancellor Adenauer have ceased since his letter to Mr. Khrushchev at the end of August last. There is no mention made of the recent discussions on Tibet in the United Nations, and therefore there is no support for the Chinese contention that the debate was an imperialist manoeuvre to cause trouble. There is no mention of Mr. Khrushchev's recent visit to Peking to balance off the friendly remarks of his visit to the United States. There is also no mention of Yugoslavia, the name of which has hardly appeared in the Soviet press for months despite continuing vituperation of the Yugoslavs by the Chinese Communists.

14. In conclusion I think we should welcome the tone of Mr. Khrushchev's speech. It is milder than in any major speech which I can remember since I came to the Soviet Union over three years ago. That is in itself encouraging. It would not be reasonable to expect Mr. Khrushchev to make major concessions at this time. Whether the tone of the speech indicates that Mr. Khrushchev would be prepared to negotiate realistically with the West is a matter for the future. I do not think that we can expect much light on this subject until there is a summit meeting or at least until Mr. Khrushchev's talks with President de Gaulle.

DAVID M. JOHNSON

345. DEA/50156-2-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], November 6, 1959

UNITED STATES POLICY TOWARD THE SOVIET UNION

If the opportunity offers itself this weekend, you may wish to consult with Mr. Herter about the policies Western countries should pursue in coming months in order to maintain the spirit of goodwill that was developed through Mr. Khrushchev's discussions with Mr. Eisenhower.

I think there is some cause of worry on this score. I find it difficult to understand why the United States should advocate at this time certain policies which, in my view, can only revive Soviet suspicions and which do not strengthen the Western position. Among the policies I have in mind are:

(a) the U.S. decision to propose Turkey as a candidate for the Security Council;

(b) the U.S. desire to have a debate on Hungary at a time when there is some ground for believing that the Soviet Union might withdraw its troops from Hungary.

In our view, support of Poland's candidacy and a decision to avoid debate of the Hungarian question would in no way jeopardize the fundamental Western position vis-à-vis the U.S.S.R.; the present United States policy seems to be based on assumptions which were valid during past years when our principal objective was to gain propaganda advantages over the U.S.S.R.

A further source of concern is the attached telegram (No. 2130 of November 4)† from our NATO Delegation which reports that the United States representative had given a negative-sounding assessment of the Soviet attitude. It is particularly surprising that he made no acknowledgment of the considerable Soviet concession represented by agreement to examine the U.S.A. technical information on underground nuclear tests.

I am concerned that the "Camp David spirit" may be dissipated in the coming months through the continuation of certain Western policies which nourish the suspicions and increase the already formidable difficulties in the way of reaching agreement between the U.S.S.R. and the West.

The most important development of the Camp David discussions between President Eisenhower and Premier Khrushchev seems to have been a mutual recognition of the desire of the two protagonists and the majority of their peoples for peace and disarmament. On the one hand, President Eisenhower and his advisers apparently were persuaded that Khrushchev's advocacy of disarmament and his support for a summit conference are based on a sincere desire to overcome the major threats to peace. On the other hand, Khrushchev is believed to have come to an unanticipated realization of the enormous problem which President Eisenhower faces in overcoming the suspicions of the Soviet Union aroused by Stalin during the seven years following World War II.

Thus, the principal achievement of the Camp David discussions was some degree of mutual understanding, the essential basis for any effective negotiations. There is no doubt that difficult compromises will have to be made by both sides if concrete agreements are to be reached. But it is encouraging to note that Khrushchev, in his speech of October 31 to the Supreme Soviet, four times emphasized to his audience of leading political figures that agreement with the West will require "mutual concessions." He also acknowledged, for the first time in our experience,

that "the capitalist states, too, are making certain concessions." I think that the West ought, at this time, to be pursuing wherever possible policies which will reinforce the "Camp David spirit" and strengthen the frail Soviet confidence in United States intentions.

N.A. R[OBERTSON]

346. DEA/50346-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM S-484 Ottawa, November 17, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Your Tel 2195 of Nov 10.†
Repeat Paris, Washington, Permis New York, London, Bonn, CCOS, Geneva, Rome, Hague, Brussels (Information).

SUMMIT MEETING — NATO DISCUSSIONS

You will have received telegram S-481 of November 16† with the text of the Prime Minister's speech.[376] In NATO Council discussion you should be guided by the Prime Minister's general comments about the present state of East-West relations and by his reiteration of Canada's support for a series of Summit Meetings.

2. In the coming months we consider that NATO countries should make some effort to improve relations with the Soviet Union. We have in mind changes which would not involve concessions of substance but which would result in an improvement in the general atmosphere. This is suggested not in the belief that a fundamental change has taken place in Soviet policy but on the assumption that future negotiations will proceed more smoothly and perhaps more fruitfully if closer relations are established.

3. At this stage the question of normalization of relations should be mentioned only tentatively and perhaps as one of the subjects which might be examined in the first instance by the Political Advisers Committee and then by the Council. While we would like to see some movement in this direction, we wish to proceed with caution, and not move ahead of our allies.

4. On the more specific issue of the type of Summit Meeting to be held, the pressure for decision has lessened with the establishment of the March 1960 date for the Khrushchev visit to France and the knowledge that a Summit Meeting will not take place until after that. In addition, the agreement between Couve de Murville and Selwyn Lloyd on a series of Summit Meetings would seem to make the issue less of a point of difference between the four (our telegram S-482 of November 16.†)

5. In the circumstances it would seem that there is no need of a stark choice between the two types of meeting, described in NATO Document PO/59/1461. We believe that a compromise between the two would be advisable. A first meeting should deal with as much in the way of substance as seems feasible at the time but the participants should have in mind the possibility of pursuing the discussion of difficult issues at later meetings as well. If a Summit Meeting is

[376] Voir Canada, ministère des Affaires extérieures, *Déclarations et discours, 1959-60*, N° 59/41.
See Canada, Department of External Affairs, *Statements and Speeches, 1959-60*, No. 59/41.

held shortly after the March visit of Khrushchev to Paris, the Western Powers should presumably by then be in accord on their policy on disarmament. At least they will probably have reached agreement on the interpretation of broad principles and should be prepared for discussion of these at the summit. It would probably be useful to discuss Berlin at the Summit Meeting in the hope of achieving an interim arrangement. This discussion could proceed on the basis of the concluding positions of the Foreign Ministers' meeting, but this matter again may look different next Spring.

6. In your intervention you should press for some report to Council on the progress of the Working Group in Washington. It is important that Council be kept up to date on the stage by stage examination of agenda possibilities and that the Council be made aware at an early date of the main problems which will be discussed at the Western Summit Meeting. This is important to the Council and to this Department if adequate preparations are to be made for the ministerial meeting.

7. In this connection, you might wish to refer to the statement by the US representative in Council on November 4 (your telegram 2127 of November 4†) concerning the activities of the Working Group. You should indicate that Canada would welcome periodic reports to the Council.

347. DEA/50346-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 2283 Paris, November 20, 1959

SECRET. PRIORITY.

Reference: Our Tels 2258[377] and 2265† Nov 18.
Repeat Permis New York, Washington, London, Bonn, Paris, Rome (Priority) (Information).

SUMMIT MEETING — NATO DISCUSSIONS

In reading our reference telegrams you will easily have come to the conclusion that discussions in Council on preparation for the December ministerial meeting and the Western Summit Meeting were unsatisfactory since once again, as happens too often in Council, too much time was spent on procedure and too little on substance. This can be particularly frustrating for non-negotiating powers who are apt to come to conclusion that the larger powers are trying to hold information from them, although in this particular instance it is unlikely that this is the case.

2. The only document under consideration on the problem of summit conferences is the Secretary General's comments contained in PO/59/1461 of October 31. As suggested in paragraph 5 of your telegram S-484 November 17 this document has now been overtaken by events. There was also the indication that Council would be receiving reports on the progress made by the Four Power Working Group in Washington. During the last Council meeting it became evident that we should not repeat not expect much if anything from those quarters. As far as documentation and reports are concerned we will be left with the paper the

[377] Non retrouvé./Not located.

Secretariat will circulate putting forward some of the views of the Secretary General on the problem before us.

3. Meantime we have been given (our telegram 2259 November 18†) the agenda of the December ministerial meeting which adds little to our knowledge.

4. In view of the very flimsy documentation now before Council it is quite clear that discussion will only be productive if individual countries make a determined effort to take a lead. In this respect we are grateful for your telegram S-481 November 16† and S-484 November 17 but this may not repeat not prove sufficient. The following comments might be made on your S-484.

(a) In the coming months NATO countries should make some effort to improve relations with the USSR. This is an invitation to bilateral exchanges which, while necessary and welcome, will further confuse the work of the Council. This process has already begun as far as the UK, USA, France and Italy are concerned in view of Mr. Khrushchev's visits. The only question here therefore would seem to be whether such developments are generally satisfactory to all NATO countries;

(b) The type of Summit Meetings to be held. I understand that we are agreed on the slower timetable which has come as a result of Mr. Khrushchev's visit to France. If this be so there is no repeat no particular hurry in suggesting (paragraph 5 telegram S-484) agendas for the first and later Summit Meetings. Indeed it might be premature to raise this point now since as you suggest things "may look different next Spring."

5. Your S-481 November 16 giving us the partial text of the Prime Minister's Halifax speech proves very helpful as an indication of the background to be kept in mind in considering the problem of East-West relations but it would be impossible to draw definite suggestions for discussion in Council from this speech.

6. If the slower timetable now agreed upon by the countries more directly concerned is satisfactory to us, it is somewhat idle to think that we will be able to make much progress in the discussion of problems of substance unless we can prove that this slower timetable will have a serious impact on developments in the alliance. We believe this to be so. The annual review for example has shown that there is a general tendency in most if not repeat not all countries to postpone decisions leading to the full implementation of the minimum military requirements of the alliance. It is likely that this trend will continue in this new atmosphere. Indeed one could easily come to the conclusion that the slower pace will in the end prove fully satisfactory to the Soviet Union if, as may be expected, the military posture of the alliance is weakened in the process. Over a certain period of time our willingness to negotiate for a certain position of strength could be replaced by an obligation to negotiate from a position of weakness.

7. In this framework the subject of disarmament which is in the forefront of our own preoccupation may require even more urgent consideration than heretofore. This will be all the more important in view of the decision to postpone an East-West Summit Meeting until the Spring.

8. The longer the thaw lasts, the more difficult it will be for NATO countries to maintain defence expenditures at levels considered necessary by the military authorities. The realization of this fact must give the NATO military authorities a direct interest in achieving some concrete results in disarmament negotiations. This may make for the development of a more flexible approach to this problem. However NATO military authorities are more likely to approach the problem constructively if asked to undertake studies in good time. If ready-made proposals are put to them at the last moment, even though they have been cleared with national military authorities first, there may be delays and difficulties in obtaining Council agreement for Western positions.

9. Therefore both for technical and more immediate public relations reasons, we think it would be worth while for the December ministerial meeting to ask the NATO military authorities (in practice SACEUR) to undertake certain disarmament studies as part of the process of NATO consultations in preparation for the Ten-Power negotiations and the East-West Summit Conference. This would permit more than a passing reference to disarmament to be made in the communiqué. It would also, I should think, be politically useful to the German Government who have been promoting negotiations on disarmament but will not repeat not be taking part directly in the work of the Ten-Power group.

10. In our own minds a further advantage in this approach would be as a step towards using NATO hardware and organization for controlling such measures of disarmament as may be negotiated. We realize, however, that this concept is new and generally may not repeat not be shared by our allies.

11. From the Minister's conversations with General Norstad here and from the record of SACEUR's suggestions at the time of the sub-committee negotiations in London in the Summer of 1957,[378] I think we can expect SACEUR to come up with more imaginative suggestions in the field of disarmament than might be forthcoming from some national military authorities, including the Pentagon. It seems probably from our recent contacts with him that General Norstad has already completed certain studies for the USA Government which may have been requested for the Coolidge Committee.[379] While it would be a disservice to have such studies circulated in Council prematurely, I think we should consult informally both in Washington and with SACEUR personally before deciding when and in what form any initiative might be taken in Council to request NATO military studies on disarmament.

12. Such studies could cover three layers of the problem: (a) suggestions for increasing security against surprise attack (early warning); (b) suggestions for first steps in actual disarmament of conventional forces and weapons; (c) suggestions for inspection and control.

13. It would have to be emphasized that the suggestions requested should be aimed at a relative increase of security at each stage on both sides and should preferably be drawn up in two columns showing what should be done in NATO Europe, and in Eastern Europe and the USSR. For the purpose of such a study, a series of zones might be envisaged at different stages and for different purposes. In this way a denuclearized zone could be kept very small and an open skies air inspection zone might extend from the Atlantic to the Urals. A series of different zones for different purposes would help to blur the political significance of such areas of restriction or inspection.

14. I am not repeat not suggesting that at the present time we should be anything like as specific as in the preceding paragraph in sounding out SACEUR and Washington but perhaps some enquiries might be authorized. I have the impression that as far as General Norstad is concerned he might welcome being asked for ideas by the ministerial meeting and would not repeat not feel constrained to wait until the completion of the Coolidge Report. Most of the smaller NATO countries we think would welcome an initiative which would speed up the consultative process in NATO on a subject that concerns them all. A Canadian initiative in this field at the ministerial meeting would have to be carefully prepared especially with Washington but might be rewarding. There is not repeat not much time left to put it in train.

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[378] Voir/See United Kingdom, Parliamentary Papers, Cmnd. 333, *Report on the Proceedings of the Sub-Committee of the United Nations Disarmament Commission held at Lancaster House, London, March 18-September 6, 1957* (London: Her Majesty's Stationery Office, 1957).

[379] Voir/See *Department of State Bulletin*, Vol. XLI, No. 1051 (August 17, 1959), p. 237.

348. DEA/50128-40

L'ambassadeur en Yougoslavie
au secrétaire d'État aux Affaires extérieures

Ambassador in Yugoslavia
to Secretary of State for External Affairs

TELEGRAM 143 Belgrade, December 9, 1959

SECRET. OPIMMEDIATE.
Reference: London Tel 4352 Dec 3† and related Msgs.
Repeat NATO Paris, Paris from London (Information).

TRENDS OF SOVIET POLICY

In view of my small role in the Working Group Report[380] I should like to make some comments. I think the main difficulties in interpretation of Soviet policy lies in failure to distinguish between Khrushchev's long term aim to try to work out some means of coexistence without running risk of war between the two blocs; and short term aims. UK Foreign Office appears to concentrate almost exclusively on latter, interpreting Soviet policy as primarily a tactical move to secure specific minor gains. It seems to me that even if tactical aims were important for Russians, long term goals are even more important, though there is of course possibility that failure to make any progress on immediate issue might persuade Russians to modify or abandon policy of détente.

2. Yugoslavs are convinced that Russians do want to develop détente and may even pay a very modest price for it, i.e. some progress in disarmament and a compromise over Berlin. They also say in private conversation that they cannot repeat not understand Western apprehensions since in their opinion a relaxation of tension properly exploited carries with it considerable potential advantages for West.

3. To comment on Foreign Office views (reference telegram) no repeat no one expects Soviet aim to be abandoned or that bargaining will not repeat not be tough. It seems to me what we need is clear recognition (a) that there is a new departure in Soviet strategy which requires readjustments in Western strategy; (b) that this situation is not repeat not necessarily detrimental to West and can be turned to our advantage whereas continuation of struggle on present terms offers very little hope of any advance for West; and (c) that postponement of negotiations plays into Soviet hands by permitting USSR to develop general feeling of détente with attendant effects on Western unity without obligation to offer any real concessions.

[R.A.D.] FORD

[380] Alors qu'il se trouvait à Paris pour la conférence des chefs des missions en Europe, Ford assista aussi à la conférence des soviétologues de l'OTAN. Voir le télégramme d'Ottawa à Belgrade S-441, 13 octobre,† MAE 50102-X-40.
While in Paris for the Heads of European Missions meeting, Ford also attended the meeting of NATO Soviet experts. See Ottawa to Belgrade telegram S-441, October 13,† DEA 50102-X-40.

349. DEA/50128-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Yougoslavie

Secretary of State for External Affairs to Ambassador in Yugoslavia

TELEGRAM S-522 Ottawa, December 11, 1959

SECRET. PRIORITY.
Reference: Your Tel 143 of December 9.
Repeat NATO Paris, London, Paris, Bonn, Washington, Permis New York, Rome, Brussels, Hague (Information).
By Bag from London: Moscow, Oslo, Copenhagen, Lisbon, Athens, Ankara.

TRENDS OF SOVIET POLICY

Your telegram is most timely. While our thinking is completely in accord with your own, your telegram sets out in a succinct and usable form the essential arguments and will be very helpful to our delegation.

350. DEA/50346-1-40

Note de la Direction européenne

Memorandum by European Division

SECRET [Ottawa, n.d.]

NATO MINISTERIAL MEETING — DECEMBER 1959
EAST-WEST SUMMIT MEETING

Although the dates of the East-West Summit Meeting and of the preparatory western discussions that will precede it have not yet been established, the U.S. State Department has informed the Canadian Embassy that it favours the following timetable:

April 14-18	-	Meeting of the Four Western Foreign Ministers
April 19	-	Report of the Four to NATO Council
April 20	-	Preparatory Meeting of President Eisenhower, Prime Minister Macmillan and President de Gaulle
April 21-25	-	East-West Summit Meeting.[381]

Since the visit of Premier Khrushchev to France has been set for March 15, this timetable is probably as early an arrangement as can conveniently be established. The United States is anxious that the date not come much later because of the limitations that will hamper President Eisenhower's freedom of action once the preparations for political conventions in the early summer are under way.

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[381] La date de la rencontre au sommet (le 16 mai 1960) fut finalement fixée par un échange de lettres entre Eisenhower et Khrouchtchev à la fin décembre. Voir *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 86-88.
The date for the summit meeting (May 16, 1960) was finally set through an exchange of letters between Eisenhower and Khrushchev in late December. See *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 86-88.

A Four-Power Working Group on summit preparations has been meeting for several weeks in Washington and, on December 8, its members submitted recommendations to the respective governments. This group supported the timetable outlined above and proposed Geneva as the locale of the East-West Summit Meeting. It is also expected that a preparatory meeting of officials of the four governments would be held in Geneva prior to the East-West Summit. For the present, the date and place of the Western Summit meeting in the Spring in advance of the East-West Summit have been left open.

The agenda recommended by the Group for the Western Summit Meeting on December 19, would encompass a discussion of Soviet intentions, examination of issues relating to the German question including Berlin and, also, the Khrushchev peace treaty proposals. An item is also recommended on East-West conflicts and there are two French items, (on which the French are putting in papers) dealing with aid to underdeveloped countries and with non-interference in the affairs of states.

On the disarmament question, the Group has dealt in its recommendations essentially with the procedural question of the relationship to the Summit of the timing of the convening of the ten-power disarmament committee. This question has been set out in the form of alternatives and the Heads of Government have been asked to consider whether the disarmament committee should be convened by March 15, or after the summit, i.e. about May 15. It was also agreed that beyond this procedural issue, any discussion of substance on disarmament would necessarily include Canada and Italy. When President Eisenhower visited Rome, the Italian President made a somewhat ambiguous proposal to him for closer association of Italy and Canada with the disarmament aspects of Summit preparations. Subsequently, the Italian Ambassador delivered the attached Aide Mémoire† setting forth his Government's proposal.

The United States has been in favour of the convening of the disarmament committee after the summit; the British have wanted it before, and the French position is unclear since it is not known whether M. Moch's advocacy of disarmament discussions as soon as possible has the backing of President de Gaulle.

The attached annexes† provide an outline of the report made to the NATO Council on December 9, concerning the Four-Power Meetings in Washington (NATO Paris Tel. 2443, Dec. 9) and an account of the United Kingdom views on the scope and character of a Summit Meeting and the relationship of NATO to Summit preparations (Aide Mémoire of Dec. 9).

Canadian Position

The following are the major principles advocated by the Canadian Government with respect to Summit Meetings:

(a) A Summit Meeting as early as practicable;

(b) Limitation of participation to the Four major powers;

(c) A series of summit meetings, if it seems that progress can be made in this way;

(d) Adequate preparation for each summit meeting.

2E PARTIE/PART 2

VISITE DU PREMIER VICE-PRÉSIDENT DU SOVIET SUPRÊME DE L' UNION SOVIÉTIQUE À HALIFAX
VISIT OF FIRST DEPUTY CHAIRMAN OF THE SUPREME SOVIET OF THE SOVIET UNION TO HALIFAX

351. DEA/11562-111-40

Note du chef de la Direction du protocol pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Protocol Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], December 2, 1959

MR. MIKOYAN IN HALIFAX

As you know, the Prime Minister sent a radio message to greet Mr. Mikoyan as his airplane approached Canada and asked the Minister of Fisheries to represent the Government during the stop-over in Halifax. I accompanied Mr. MacLean for the purpose of assisting in arrangements; Mr. M.A. Crowe (of Economic Division I and former Chargé d'Affaires a.i. of the Canadian Embassy in Moscow) came with us to provide the assistance of his command of the Russian language and to assess the significance of any Soviet initiative in the economic field.[382]

2. The stop-over visit can be regarded as successful from both the Canadian and the Soviet viewpoints. There was even cooperation from the weather which had earlier been so unruly that the Ambassador's T.C.A. flight had serious difficulty in landing at Halifax, the second T.C.A. flight was diverted to Sydney and Mr. MacLean's D.O.T. aircraft was forced to spend the night at Moncton. Mr. Mikoyan's Ilyushin 18 turbo-prop, however, sat down at the Shearwater Naval Air base under clear skies. The Ambassador and I went aboard and Mr. Mikoyan alighted a few minutes later to be greeted by the Minister of Fisheries, the Premier of Nova Scotia and other dignitaries. After inspection of a naval guard of honour he spoke in affable terms to the press for about ten minutes before proceeding to Government House where he, his two sons, his daughter-in-law and the Ambassador stayed as the guests of the Lieutenant-Governor and Mrs. Plow.

3. Shortly after arrival there, a telephone message was received stating that a large number of journalists and radio and television operators were awaiting Mr. Mikoyan in the main studio of radio station C.H.N.S. Neither the Nova Scotian authorities nor I had any knowledge of such arrangements but, rather than adopting a flatly negative approach, the matter was mentioned to Mr. Aroutunian who spoke to Mr. Mikoyan; the latter immediately agreed to go to C.H.N.S.

4. Upon arrival at the studio the party was greeted by Mr. Robert McCleave, M.P., who, introducing himself as the chairman, turned to the Ambassador saying "Thank you for arranging this interview. I am very glad that I sent you the telegram proposing it." There was no subsequent explanation as to why Mr. Aroutunian kept it a secret from those responsible for the visit.

5. When Mr. McCleave asked if Mr. Mikoyan could spare half an hour, I, having earlier consulted with Soviet officials, indicated that in view of Mr. Mikoyan's press interview at the

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[382] Note marginale :/Marginal note:
Thanks N.A. R[obertson]

airport and of his crowded engagements, it was necessary to establish a limit of about 15 minutes. Astonishingly, however, Mr. Mikoyan began with a twenty-minute statement and then answered questions for an additional thirty minutes despite repeated suggestions from myself to the Ambassador that the interview be terminated.

6. Mr. Mikoyan was very adroit, evasive, amusing, forceful, voluble and friendly. An exceedingly amicable atmosphere prevailed until the end when Mr. McCleave, with the apparent desire of terminating on a sweet note about babies, knitting or cooking, invited a young lady in the back row to ask the final question. The climate changed, however, with explosive suddenness when she enquired concerning the "planned execution of 150 Hungarian students."[383] The dominant impression carried by those leaving the studio was undoubtedly that made by the undisguised anger in Mr. Mikoyan's reply.

7. Salt was rubbed into his wound because on his return to Government House he observed a group of Hungarians (with perhaps some sympathizers) parading with signs reading "Remember Budapest!" etc. Fortunately, the demonstration was orderly and well controlled by police and consequently no incidents occurred.

8. Mr. Mikoyan went to some effort to make a good public impression because, in addition to the press conference at the airport and the interview at the C.H.N.S. studio, he seized two opportunities to talk to groups of people. As he left Government House en route to the studio he (to the concern of myself and presumably of the R.C.M.P.) walked up to a crowd (mostly women) gathered on the street outside and spoke (in Russian) to the following effect: "I bring you a message from the women of the Soviet Union. They send greetings of friendship to you women of Canada and want me to tell you that their greatest wish is for peace throughout the world so that they — and the women of all countries — can live in happiness with their families." This was received with applause, so he asked: "Have you a message for me to take back to the women of Moscow?" The reply was: "We want peace too," one woman adding: "At any price." There was no heckling or uncomplimentary comment.

9. Upon departure from the studio he similarly walked up to the crowd on the sidewalk and shook many of the hands extended to him. His public relations stunt met with a very cordial response again.

10. At the cocktail hour at Government House he was genial in the extreme, talking with vivacity and humour about his grandchildren — and other less important subjects.

11. The dinner in his honour was given by the Premier of Nova Scotia in the Chamber of the former Legislative Council in Province House. The so-called "Red Chamber" provided a magnificent setting for what proved to be a very successful evening. Only the small head table was formally seated — Mr. Mikoyan, the Ambassador, Mr. Borisov with the Premier, the Lieutenant-Governor, the Minister of Fisheries, the Chief Justice of the Supreme Court of Nova Scotia, the Leader of the Opposition in the Legislature and the Deputy Mayor of Halifax.

12. As arrangements were very impromptu, it was wise to permit the remaining guests to choose their own places at the small tables for eight. The buffet was sumptuous, decorative and well served. The guest list of about 120 included Ministers of the Nova Scotian Government, members of the Legislature, university presidents, clergy, consuls, civic officials, representatives of the armed services and members of the Soviet Embassy. Very few from Mr. Mikoyan's party attended although the Nova Scotian hosts had, in effect, issued a blanket invitation to all — leaving the nomination to the Ambassador.

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[383] En octobre 1959, on rapporta que les jeunes Hongrois condamnés pour leurs activités en 1956 seraient exécutés dès qu'ils atteindraient l'âge de 18 ans. Voir MAE 8619-40.
In October 1959, it was reported that Hungarian youths convicted for their activities in 1956 would be executed as soon as they reached the age of eighteen. See DEA 8619-40.

13. The Premier (generally regarded as a poor orator) made a remarkably fine speech. He began in a light vein by (1) summarizing the history of the province as "settled by the French, conquered by the English but subsequently taken over by the Scots," (2) suggesting that as other Nova Scotians could even live in comparative peace with the Cape Bretoners, the people of all countries should be able to live in amity with each other, and (3) making particular reference to his friend, the Leader of the Opposition, as this function might not be well understood by his distinguished Soviet guests.

14. Mr. Stanfield than spoke of the Sebastopol Monument, erected in Halifax following the Crimean War, and made an eloquent plea for the effective continuance of efforts to maintain and strengthen the peace which has existed between the Russian people and our own since that time.

15. Mr. Mikoyan, in his reply, also began in a humorous tone by including "Mr. Opposition" among the dignitaries to whom he specially addressed his remarks. He, however, became rather heavy-handed by at length practically brandishing nuclear bombs before the dinner guests; his main theme was however "Let us put aside all thoughts of war — which can be only mutually destructive — and engage in a struggle on the economic field. We are advancing economically much more rapidly than you and will soon surpass the high standard of living which I have observed here. If you feel we are catching up, why don't you go ahead faster?"

16. All in all, the evening was a great success from everyone's standpoint. Mr. Mikoyan was obviously sincere in repeating his appreciation after the dinner and again in the early, rainy dawn of next morning when the Minister of Fisheries and I bade him good-bye and bon voyage. The Ambassador also stated that Mr. Mikoyan had never expected such cordial and elaborate hospitality during the few hours of what was an in-transit stop-over and not an official visit.

17. The *Halifax Chronicle-Herald* gave full, fair and accurate coverage of what was said and done. Clippings are attached to this memorandum. The only noteworthy omission relates to Mr. Mikoyan's reply concerning Algeria on which he is reported as saying "the Soviet Government supports the right of all nations to independence and self-determination ... and would continue to support the Algiers stand on this basis." He also indicated his government's approval of the recent de Gaulle proposals "if they work out as we hope they are intended for the benefit of the Algerian people;" whispered prompting by the Ambassador made Mr. Mikoyan add "and of France."

H.F. FEAVER

352. DEA/11562-111-40

Projet de lettre du ministre des Pêcheries
pour le premier vice-président du Soviet suprême de l'Union soviétique

Draft Letter from Minister of Fisheries
to First Deputy Chairman of the Supreme Soviet of the Soviet Union

[Ottawa, n.d.]

Your Excellency,

Your distinguished friend, Ambassador Aroutunian, has sent to me, as a gift from yourself a most attractive and cleverly built musical sputnik and a box of vodka for which I send you my warmest thanks.

I feel that it would be most appropriate to keep the vodka until January 1st so that, with my family and friends, I may drink a toast expressing the hope that the New Year will witness marked progress in the development of peace and international friendship throughout the entire

world. In so doing, I shall be repeating some of the sentiments contained in your well-remembered after-dinner speech in Halifax.

Although the vodka will disappear in this happy manner, I shall treasure, as a souvenir of our pleasant meeting, the musical sputnik. In this I must rely on the assistance of my wife because our children find it all too interesting!

In sending my most cordial greetings to yourself — and also to your two sons and daughter-in-law whom I so enjoyed meeting — for health, happiness and success in the New Year may I assure you of my own devotion to a basic objective which Your Excellency described that evening in Halifax — namely that future competition between our countries should be only in the economic field in order to produce a steadily rising standard of living for our own peoples as well as for those of other nations.

Yours sincerely,

[J. ANGUS MACLEAN]

3E PARTIE/PART 3

RECONDUCTION DE L'ACCORD SUR LE COMMERCE
RENEWAL OF TRADE AGREEMENT

353. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 21, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes),
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister of Fisheries (M. MacLean),
The Minister of Labour (Mr. Starr),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of Mines and Technical Surveys (Mr. Comtois),
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Defence Production (Mr. O'Hurley),
The Secretary of State (Mr. Courtemanche).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin).

. . .

CANADA-U.S.S.R. TRADE NEGOTIATIONS
(PREVIOUS REFERENCE FEBRUARY 3)

3. *The Secretary of State for External Affairs*, in the absence of the Minister of Trade and Commerce, reviewed the course of the negotiations authorized last year on the renewal of the 1956 Trade Agreement with Russia. These had been difficult, and little progress had been made until five Supreme Soviet deputies, including a former Minister of Foreign Trade, visited Ottawa in June. On that occasion, the latter left the impression with the Minister of Trade and Commerce that the U.S.S.R. would be prepared to buy Canadian goods, including wheat, barley and industrial equipment up to the amount of the wheat purchases under the old Agreement, and that the Soviet government would not insist on a reciprocal obligation by Canada to purchase a specified quantity of Soviet goods. The Russian visitors felt it would be necessary, however, for Canada to undertake to assist in developing Soviet exports to Canada.

On this basis and following further discussions, Canadian officials prepared a draft protocol to extend the Agreement for three years. The protocol included provisions to renew the Agreement without change for three years, an understanding that the letters attached to the Agreement concerning the fixing of values for duty would remain valid, an undertaking by the U.S.S.R. to purchase annually Canadian goods to the value of $20 to $25 million, an undertaking by Canada to assist Soviet trading organizations in developing markets in Canada and provision for consultation on all aspects of commercial relations between the two countries.

The Soviet response to this submission had been a formal invitation to Canadian negotiators to go at once to Moscow to negotiate and sign an extension of the Agreement. The Soviet representative in Ottawa felt these final negotiations should not prove too difficult and said that, in view of the invitation, he was no longer in a position to continue discussions here.

It seemed reasonable to conclude that the Canadian draft protocol would be adopted as a framework for the final negotiations. However, there were a number of points in it which first required consideration by Ministers. As regards the provision to assist Soviet trading organizations, the Soviet authorities should be informed at the outset that Canada could not undertake to buy specific quantities of goods or to assist in bringing Soviet sales to Canada to a particular level. It should also be made quite clear to them that the Canadian government could not undertake an obligation which went beyond the usual forms of assistance available to M.F.N. countries. They should understand that "assist" meant the extension of the usual good offices of the Department of Trade and Commerce and of other departments; for example, the sending of a Trade Commissioner to Moscow, the sending of a trade mission to Moscow and a public statement that the government welcomed the development of trade between the two countries. Soviet negotiators would probably attempt to water down the undertaking to purchase in Canada. They should understand, however, that an essential feature of any trade agreement was a firm commitment to purchase as a quid pro quo for the continued extension by Canada of M.F.N. treatment. If the question of renewal was raised, this should not be agreed unless it was clear beyond doubt that this would include a continuation of the annual Soviet purchase commitment. If Parliamentary approval was to be sought for the protocol, it could only enter into force provisionally on signature, and definitively following Parliamentary approval.

The Minister of Trade and Commerce had recommended, with the concurrence of the Minister of Finance and himself,

(a) that a delegation be authorized to proceed to Moscow to sign an agreement subject to prior approval by Ministers;

(b) that the Soviet authorities be advised in advance that the Canadian negotiators would have no authority to consider a Canadian obligation to purchase specific quantities of Canadian goods;

(c) that a prior condition for entering a new agreement should be Soviet fulfilment of its obligation to purchase wheat under the old Agreement.

The Minister added that the Cabinet's guidance would also be welcome on whether publicity should be given about the delegation and whether Parliamentary approval of the Protocol was required.

An explanatory memorandum had been circulated, (Memorandum, Minister of Trade and Commerce, July 15 — Cab. Doc. 211-59).†

4. *During the discussion* the following points emerged:

(a) It was not wise to send a delegation to Moscow. A delegation might have gone at the start of the renewal negotiations, or the Agreement might be signed in Moscow, but to send one at this stage in the middle of the negotiations meant either that the Russians thought they could gain advantages they would otherwise not obtain in Ottawa, or that they felt the discussions were going to break down and they wanted to create a favourable appearance from their own point of view. Sending a delegation would not be popular in Canada.

(b) As for the substances of the negotiations, any protocol should not contain a vague undertaking to assist. Instead, Canadian obligations such as the appointment of a Trade Commissioner, the sending of a trade mission and willingness to make a statement should be specifically stated.

(c) The old agreement was overwhelmingly in Canada's favour and the new one would appear to be so too. The government was committed to fostering useful trade with the U.S.S.R. In the circumstances, we should not quibble about details. The undertaking to assist was so hedged around with qualifications that there would be no danger in approving it in its present form. If the negotiations broke down it would be quite unfortunate.

5. *The Cabinet* noted the report on the negotiations for renewal of the 1958 Trade Agreement with Russia and,

(a) decided that a Canadian delegation should not go to Moscow to continue the negotiations but that these discussions should be resumed in Ottawa and that, should an agreement emerge, it might be signed in Moscow; and

(b) deferred decisions on the substance of the matters raised in the report and in the discussion until the Minister of Trade and Commerce was present.

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354. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], July 30, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Minister of Public Works
and Secretary of State for External Affairs (Mr. Green),
The Solicitor General (Mr. Balcer),
The Minister of Trade and Commerce (Mr. Churchill),
The Minister of Justice (Mr. Fulton),
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough),
The Minister without Portfolio (Mr. Macdonnell),
The Minister of National Health and Welfare (Mr. Monteith).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Martin),
Mr. J.S. Hodgson, Privy Council Office.

. . .

CANADA-U.S.S.R. TRADE NEGOTIATIONS
(PREVIOUS REFERENCE JULY 21)

13. *The Minister of Trade and Commerce* said he was concerned about the decision taken in his absence not to send a delegation to Moscow to continue the negotiations for the renewal of the Canada-U.S.S.R. Trade Agreement. Any agreement that might emerge would be in Canada's favour. The principal point made over and over again by the Russian negotiators in the past few months was that Canada should commit itself to buying a certain quantity of goods from Russia. This, of course, was impossible because Canada was not a state trading country and the Russians were well aware of the fact. They wanted an agreement for political reasons, and could drive a hard bargain because of Canadian concern to sell to Russia. The U.K. had sent a delegation to Moscow and an agreement had been signed which was to the advantage of the U.K.

14. *During the discussion* the arguments against sending a delegation were repeated. One compromise might be to have negotiations conducted in Moscow by the Canadian Embassy staff. The difficulty in this, however, was that there were no officials on the staff with the appropriate trade and commercial experience.

15. *The Cabinet* re-affirmed its decision not to send a delegation to Moscow to continue the negotiations for renewal of the 1956 Trade Agreement with Russia, but that the discussions be resumed in Ottawa and that signature might take place in Moscow.

. . .

355. PCO

Note du secrétaire d'État aux Affaires extérieures, du ministre du Commerce et du ministre des Finances pour le Cabinet

Memorandum from Secretary of State for External Affairs, Minister of Trade and Commerce, and Minister of Finance to Cabinet

CABINET DOCUMENT NO. 327-59 [Ottawa], October [22], 1959

CONFIDENTIAL

CANADA-U.S.S.R. TRADE AGREEMENT

On July 21st Cabinet decided that a Canadian delegation should not go to Moscow but that the negotiations should be continued in Ottawa. Subsequently the Soviet representative, Mr. A.I. Lobatchev, was recalled to Moscow for consultations and has not yet returned. In September the Soviet authorities submitted through our Embassy in Moscow proposals for the extension of the 1956 Agreement based in part on draft Canadian proposals which had been put forward by the Canadian negotiators and which were referred to Cabinet with the Memorandum considered on July 21st.

The Soviet counter-proposals provided an undertaking to purchase annually for the three-year period of the proposed Agreement goods which could be exported from Canada to a value

of $25 million per annum, including not less than 200,000 tons of wheat. This undertaking was however linked to requested assurances that the Canadian authorities would do everything possible to ensure that the value of Canadian imports from the U.S.S.R. should annually amount to not less than 50 per cent of Soviet purchases, e.g. $12½ million. In addition, if Canadian purchases should fall below this level, the Soviet undertaking to purchase Canadian goods would be proportionately reduced.

In response to the Soviet proposals, and after consultation with the Ministers of Trade and Commerce and Finance, a revised draft Protocol and Exchange of Letters were prepared by the Canadian negotiators and despatched to Moscow as proposals from the negotiating group. Copies of these draft texts† are attached. It will be seen that no reference is made to the value or level of Canadian purchases, but that the proposed undertaking to assist the Soviet foreign trade organizations in developing markets for their products in Canada has been spelt out and made more specific than in the earlier draft.

The reaction of the Soviet authorities to the revised Canadian proposals has been that they are not prepared to consider suggestions which have not been approved by the Canadian Government. Accordingly, Cabinet approval is now sought for the attached draft texts.

Recommendations:

It is recommended that:

(1) Cabinet approve the attached draft Protocol and Exchange of Letters[384] for formal presentation to the U.S.S.R. Government.

(2) The Soviet authorities be advised that completion of their obligations to purchase wheat under the old Agreement (Approximately 200,000 tons outstanding) would be a prior Canadian condition for entering into a new Agreement.

(3) The Soviet authorities be advised that, should the Canadian proposals require clarification or further discussion, the Canadian Government would be glad to continue negotiations in Ottawa.

(4) The Soviet authorities be advised that, should a mutually acceptable agreement be reached, signature would be authorized in Moscow.

[GORDON M. CHURCHILL]
Minister of Trade and Commerce

[DONALD FLEMING]
Minister of Finance

HOWARD GREEN
Secretary of State for External Affairs

[384] Approuvé par le Cabinet le 24 octobre. Un nouveau traité fut signé en avril 1960.
Approved by Cabinet on October 24. A new treaty was signed in April 1960.

4E PARTIE/PART 4

PROJET D'ACCORD CULTUREL
PROPOSED CULTURAL AGREEMENT

356. DEA/2462-E-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Union soviétique

Secretary of State for External Affairs
to Ambassador in Soviet Union

DESPATCH NO. S-340 Ottawa, May 29, 1959

RESTRICTED

Reference: Your despatch No. 528 of May 11.[385]

PROPOSED CULTURAL AGREEMENT BETWEEN CANADA AND THE USSR

We were surprised to note, from your interesting account of Dr. James' visit to Moscow, the apparent misunderstanding, either deliberate or genuine, of our position on the question of a cultural agreement reflected in the remarks attributed to Mr. Mikoyan and a senior Soviet official by Dr. James.

2. Mr. Chuvahin first referred casually to the possibility of a cultural agreement with us in January 1958 shortly after the US-USSR agreement[386] was announced. The matter has been discussed informally with both Mr. Chuvahin and his successor several times since but it was not until Mr. Aroutunian's last call on the Under-Secretary that the Ambassador raised the subject in a manner to suggest that he was acting on official instructions. On none of these occasions did we reject outright the possibility of finding a mutually satisfactory formula for recording our common interest in developing exchanges. We have expressed our firm belief that a general cultural agreement would be unlikely to facilitate cultural relations and exchanges between our two countries for the following reasons:

(a) Under our Constitution the Federal Government lacks authority in many of the fields normally covered by a cultural agreement;

(b) There is no federal agency in existence for dealing with cultural relations, no federal funds to promote them, and no real prospect that either will become available in the foreseeable future; (The Canada Council in its present form is not in a position to perform this function)

(c) An agreement covering a field in which the Federal Government lacks the authority to take an initiative would be misleading and might well be damaging rather than encouraging to the development of cultural relations and exchanges between our two countries, since it would foster expectations which, on the Canadian side, could not be realized.

3. We are enclosing an extract from a memorandum dated February 5† describing the interview between the Soviet Ambassador and the Head of European Division in which this matter was discussed. You will see from the last paragraph that the Soviet Ambassador had said that he would try to send us a draft of a general agreement for study, to see whether it met the Canadian situation. This has never been received, despite the indications of our willingness

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[385] Non retrouvé./Not located.

[386] Voir/See "Text of the Joint Communiqué of U.S. and Soviet Union on Cultural Exchanges," *New York Times*, January 28, 1958, p. 8.

to examine such a text if this approach to the problem was still preferred by the Soviet authorities.

4. You will also notice that Mr. Aroutunian made it clear that if we did not find such an arrangement acceptable, he would be prepared to make an agreement after the U.S. pattern. This would, in fact, be very much the same as what we have suggested in our note of August 19, 1958,[387] to which we have as yet received no reply. In that note, we accepted or commented on the visits included in the Soviet list which had been left with us on August 1 by Mr. Chuvahin and set forth a list of visits to the Soviet Union in which the Canadian Government was interested.

5. In these circumstances, we find it difficult to believe that our position has been genuinely misunderstood. The Soviet Government may well be withholding a response to our suggestions for visits as a means of pressing us into a cultural agreement. Mr. Mikoyan's remarks may have been similarly intended. Although we consider that a reasonable balance has been maintained in the official visits exchanged thus far, the initiative for these has come exclusively from the Soviet Union. Our note of August 19 constitutes the first official initiative taken by the Canadian Government in this respect[388] and we regard the Soviet Government's failure to respond to it as an inexcusable delay. We are certainly not disposed to accept any intimation from the Soviet Government at this stage that their failure to do so may be set down to our alleged unforthcoming attitude on the question of a cultural agreement, particularly since our initiative predates by nine months the first indication we received that the Soviet Union was seriously interested in the latter. We should, therefore, like you to take the first opportunity available at a senior Foreign Office level to refer to Mr. Mikoyan's conversation with Dr. James and to clarify our position as outlined above.

6. On May 7, when the Soviet Ambassador last spoke to the Under-Secretary on this subject, he mentioned that Canada had already entered into cultural agreements with both Brazil[389] and Italy and that these might serve as precedents for a Canada-USSR agreement. Should the Foreign Office use this argument with you, you might wish to point out that not only do these two exceptions demonstrate our general avoidance of cultural agreements, the limited results flowing from them underline our contention that, for Canada, cultural agreements are an unsatisfactory means of stimulating cultural relations. The agreement with Brazil has had little result since its signature in 1944. There has, since them, been an exchange of art with Brazil, but this exchange was not dependent on the agreement. The Canadian-Italian agreement was arrived at in unique circumstances and for a particular purpose which bears no comparison with the objectives of either the Canadian or USSR Governments at this time. (You might indicate, if the Soviet Government refused to accept this, that this agreement was designed as a means of utilizing for cultural purposes some of the blocked funds accruing to Canada under the Military Relief Agreement with Italy which was signed in 1950.) Furthermore, the fact that it was signed in 1954 but has not yet been implemented should be sufficient proof to the Soviet Government that the difficulties we have talked of in this connection are real.

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[387] Voir/See Volume 25, document 504.

[388] Le Cabinet avait approuvé le 19 juin 1958 une politique générale concernant les échanges de visites avec les pays du bloc soviétique. Voir volume 25, chapitre IV, 3e partie.
Cabinet had approved a general policy on the exchange of visits with Soviet bloc countries on June 19, 1958. See Volume 25, Chapter IV, Part 3.

[389] Voir *Recueil des traités du Canada*, 1944, n° 15./See *Canada Treaty Series*, 1944, No. 15.

7. We will be speaking to Mr. Aroutunian along similar lines in the near future to make it clear to him that we are disposed to encourage further exchanges of visits and other appropriate contacts between our two countries; we do not regard a general cultural agreement as the most suitable means of doing so; we might be prepared to consider an agreement along the lines of the USSR-USA agreement if he cares to present us with a proposal in this regard but; in any event, we would expect to get an early and adequate response from the Soviet Government to the exchange proposals put forward in our note of August 19, 1958.

N.A. ROBERTSON
for Secretary of State for External Affairs

357. DEA/2727-V-40

Note du chef de la Direction européenne pour la Direction des informations

Memorandum from Head, European Division, to Information Division

CONFIDENTIAL [Ottawa], July 20, 1959

POSSIBLE SOVIET-CANADIAN CULTURAL AGREEMENT

I have finally been able to speak to the Soviet Ambassador about our Note of August 19, 1958 proposing a programme of cultural exchanges and also on the general question of a Canadian-Soviet cultural agreement. The Soviet Ambassador replied to my question as to when we might expect to receive a reply to our note by saying that in September 1958 they had replied favourably to suggestion (e) for a visit by the Director of the National Gallery, but that they had not received any reply to this favourable response. As to suggestion (d) they considered that the memorandum he had left with the Under-Secretary some weeks ago proposing a mining visit constituted an answer. At the same time he left with me another paper proposing the same visit together with two others, one in the field of gas and the other of television. As to proposals in Paragraphs (a), (b) and (c) he was not in a position to give a favourable reply. I don't think we are going to get anything more in reply to our Note of 1958.

2. As I see the situation, the Soviet[s] decline to agree to a comprehensive programme of exchanges which would balance those which we want against those which are of prime interest to them, with the result that they have rejected our suggestions and continue to make their own proposals. Indeed they have continued to try to organize visits in which they are interested, through direct contact with Canadian agencies such as the Engineering Institute of Canada. In this situation it would seem to be necessary to bargain for an agreed list of exchanges in order to get approval for those of interest to us.

3. We then turned to the discussion of the possibilities of a general cultural agreement. I reiterated the constitutional limitations which affected the Canadian position and explained why the Brazilian and Italian agreements do not constitute precedents. I mentioned that an examination of the USSR-U.K. Agreement[390] suggested that we might be able to work out something satisfactory along the same lines, keeping in mind that there would be certain areas in which the Canadian Government could not take any responsibility.

[390] Voir/See "Joint Declaration on the further development of contacts between Britain and the Soviet Union, April 26, 1956," *Documents on International Affairs, 1956* (London: Royal Institute of International Affairs/Oxford University Press, 1959), pp. 641-42.

4. The Ambassador said he had two specific questions. Would we be agreeable to a general statement regarding developing exchanges. I told him that I believed that a satisfactory wording for such a statement could be worked out. The second point was how would we deal with exchanges in the fields where the Federal Government does not exercise authority. I said that I had in mind an agreement which would include the general statements accompanied by an agreed programme for a stated period. The programme could be in two sections, one agreeing to official visits and the other section taking note of projected non-official visits. In respect of the latter the governments would agree to facilitate the exchanges and this would mean, as I saw it, that they would issue the necessary visas and, for example, in the field of education, the Canadian Government would permit professors or students to come to Canada and for its part the Soviet Government would give visas for the Canadians to go to the USSR.

5. It was agreed that in consultations with the Embassy we would attempt to work out a first draft. If this took a satisfactory shape it could then be submitted to higher authority for general consideration. The Ambassador was anxious that at the outset our work would be "private." He said he did not want to have to go to Moscow for every detail. I told him that I was sure that this arrangement could be satisfactory to us since I would not want to put anything before our Minister until there were signs that we would be able to work out something mutually satisfactory.

6. I have since seen the Soviet Ambassador again and his interest in the cultural agreement has obviously revived. He asked when we might be able to start our private consultations.

7. I reported this to the Under-Secretary who agrees that we should see if we can work out any reasonable kind of draft with the Soviet Embassy. I assume that this would be the primary responsibility for your Division. We shall, of course, be glad to cooperate and when he returns from leave, Mr. Houzer will be available to work with you. I think that since we have been pressing the Soviets for a reply to our August 19 Note and since we are anxious to get agreement for the visits in which we are interested, it would be well to press ahead as quickly as possible. Perhaps, if I might suggest, the first step might be to have preliminary discussions with Mr. Minin of the Soviet Embassy on the basis perhaps of the U.K.-USSR and the USSR-West German and of USSR-U.S.A. agreements.

HENRY F. DAVIS

5E PARTIE/PART 5
REPATRIATION

358. DEA/232-K-3-40

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassade en Union soviétique

Under-Secretary of State for External Affairs to Embassy in Soviet Union

LETTER NO. C-958 Ottawa, December 24, 1958

SECRET

Reference: Consular Division Memorandum to the Under-Secretary dated Dec. 11, 1958† and previous correspondence.

DETENTION OF CANADIAN CITIZENS IN U.S.S.R. [NAME OMITTED] FAMILY[391]

Further consideration is being given to this case from the point of view of security and the strong exception taken by the R.C.M.P. to facilitating the return to Canada of the [name omitted] family and other repatriates like them may result in our restricting the representations to cases regarded as deserving. It may be, however, that the [name omitted] boys might be held to fall into the latter category or at least to deserve greater consideration from a humanitarian viewpoint, although, as it is noted the [name omitted] family have now been obliged to leave Moscow and settle in a village, there is no longer the same urgency as before. We shall continue to keep you informed of our thinking here and would be glad to receive any further comments you may wish to make.

2. For your confidential information, the views of the R.C.M.P. in this case are along the lines of the following: In the light of information available to them, the R.C.M.P. find it most difficult to agree with the suggestion that assistance be given the [name omitted] family. They are firmly of the opinion that Mr. and Mrs. [name omitted], in view of their political activities in Canada, merit no special assistance and therefore cannot concur that representations should be made to the Soviet Embassy here on their behalf. While they recognize that it is unfortunate that the children should suffer the same fate as their parents the Police emphasize the seriousness of the activities of the [name omitted] while they were in Canada.

3. The [name omitted] family must be considered as one of several hundred families who have returned to the U.S.S.R. as a result of the Return to the Homeland Campaign. Of these, a considerable number have lengthy communist records and it must be accepted that these records are known to the Soviet authorities. Should we assist one family with such a record to return to Canada, we should open an excellent avenue to the Soviets by which they might send trained agents to Canada. It would be simple for the Soviets to have a family, one member of which had been trained as an agent, report to you that they wished to return to Canada on the pretext that life in the Soviet Union was intolerable. Once the family made this request, the Soviet authorities could object to their return to Canada until pressure is applied by Canadian authorities for their repatriation. They could then merely yield to such pressure and allow them to leave the U.S.S.R.

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[391] Le nom a été omis, conformément à la Loi sur la protection des renseignements personnels.
The name has been omitted in accordance with the provisions of the Privacy Act.

4. It is appreciated that the [name omitted] family have been in the U.S.S.R. a comparatively short period of time. To intercede on their behalf however might create a precedent which could very well open the avenue described. The infiltration of agents into repatriation streams has been a long established principle of Soviet Bloc Intelligence Services, and recent evidence shows that this continues to receive high priority in recruitment methods. It is also important to appreciate that some considerable time, 2 to 5 years, may elapse between the return of the repatriate and his activation as an Intelligence agent. This poses a security problem of considerable magnitude. Based on previous experience, interrogation of such repatriates, who are dedicated communists, is unlikely to yield any clarification of their position as they would be well briefed by the R.I.S. to satisfy any form of interrogation.

5. It may be argued that we might gain by the adverse propaganda given to living conditions in Russia, once these people have returned to Canada; in practice however this is most unlikely since most of these people have close relatives in Russia and they refrain from making any adverse comments for fear of reprisals against them. Past experience shows that people who have returned to Canada from behind the Iron Curtain prefer to remain silent rather than publicly denounce life under Communism. The propaganda value gained in cases of this nature has therefore been negligible.

6. The R.C.M.P. consider therefore, that in view of the above, no further assistance should be given the [name omitted] family and it is suggested that no assistance be given, in future, to repatriates who have a substantial communist background before repatriation to the U.S.S.R. and who now wish to return to Canada.

ARCHIBALD DAY
for Under-Secretary of State
for External Affairs

359. DEA/232-K-3-40

L'ambassadeur en Union soviétique
au secrétaire d'État aux Affaires extérieures

Ambassador in Soviet Union
to Secretary of State for External Affairs

DESPATCH NO. 98 Ottawa, January 21, 1959

SECRET
Reference: Your letter C-958 of Dec. 24, 1958.

SECURITY CONSIDERATIONS RELATING TO REPATRIATION

In your letter under reference you point out that as a result of the strong views of the R.C.M.P. you are now considering whether representations to facilitate the return to Canada from the U.S.S.R. of Canadian citizens and others who have lived for a long time in Canada should be restricted to persons regarded as deserving. (Persons who have subversive records would be excluded from our representations.) You indicate that you will be writing to us again about this matter and in the meantime you invite our comments.

2. If the view indicated above is adopted, it will involve a major change in the policy which we have followed with regard to repatriation cases. In our formal representations to the Foreign Ministry and in conversations with Soviet officials we have taken the line that for humanitarian reasons all Canadian citizens who are being held in the U.S.S.R. against their wishes should be released. In making representations on behalf of particular families we have also adopted this

point of view. In addition, in cases where one or more members of a family are not Canadian citizens but their readmissibility has been established, we have said that the return of the entire family to Canada was regarded as desirable.

3. I am fully alive to the security considerations advanced by the R.C.M.P. and certainly I would not suggest a course of action which would, on balance, endanger our security. I ask myself, however, if the course recommended by the R.C.M.P. would really accomplish the end they have in view, which, I understand, is to reduce the possibility of Canadian citizens being trained as communist agents in the U.S.S.R. and returning to Canada under the guise of disillusioned Canadians.

4. As I understand the position, all Canadian citizens are entitled to return to Canada as a matter of right. If this is correct it follows that we could not refuse a Canadian citizen permission to return to Canada even though we have reason to know or suspect that he has engaged or will engage in a subversive activities in Canada. We could of course refuse permission to any one not a Canadian citizen even though he had lived in Canada for a long time.

5. Hence, unless I misunderstand the position, it would be easy for the Soviet authorities to arrange to bring a Canadian citizen to the U.S.S.R. for training as an agent and to send him back to Canada. It would not be necessary for them to go through the complicated procedure of at first pretending that they do not wish to let the person concerned leave the Soviet Union and then agreeing to give him an exit permit as a result of pressure from us. As regards a Canadian citizen who came to the U.S.S.R. under the return-to-the-homeland movement and had not lost his citizenship, it would only be necessary for the person concerned to present himself at the Embassy with a Soviet exit visa and we would be obliged to give him a Canadian passport if he did not already have one, and tell him that he could enter Canada. A simpler course would be for the Soviet Embassy in Ottawa to give a Canadian citizen a tourist visa. He could then come to the U.S.S.R., stay as long as he likes and return to Canada without ever coming to the Canadian Embassy in Moscow.[392]

6. For the reasons given above it does not seem to me that the course proposed would be effective in preventing Soviet trained agents of Canadian citizenship from returning to Canada to engage in subversive activities. On the contrary, it seems to me that it might involve a loss to our security in the broadest sense if we were to change substantially our present practice of making representations for the return to Canada of all Canadian citizens kept here against their will whether they have subversive records or not. Those of us who have talked to Canadians with or without subversive records are satisfied that the great majority of them are thoroughly disillusioned with conditions in the U.S.S.R. and wish to return to Canada. On their return to Canada, even if they do not speak for publication, their private views would undoubtedly gain circulation in Russian immigrant circles in Canada and should have some effect in discouraging others from emigrating to the Soviet Union and in weakening the enthusiasm for communism among communists and fellow travellers in those circles. Certainly, the fact that the Soviet authorities have not released any such persons to date suggests that they regard their potential danger to the Soviet propaganda campaign as significant.

7. With these general observations in mind I put forward the following for consideration:

(a) As regards persons who are Canadian citizens and have no subversive record, we should continue our present practice of making from time to time specific recommendations about

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[392] Note marginale :/Marginal note:
Or train someone like [name omitted], born in Canada but returned to USSR at age of two. Listed as "deserving" case by RCMP because (naturally) he has no record in Canada. [J.A. Horwood]

such persons as well as including them in general representations made on behalf of the whole group.[393]

(b) As regards a person who is a Canadian citizen with a subversive record but has no dependents, we might make only one specific representation on his behalf but also include such a person in any general representations on behalf of the whole group.[394]

(c) Then there is the person who is a Canadian citizen with a subversive record but has a wife or children who are Canadian citizens with no subversive records. I am inclined to think that we should treat such a person as in paragraph (a) above if after interviewing the person concerned we have some reason to believe that he has repented of his ways and is disillusioned about communism. I do not think that we should let the sins of the fathers be visited on the children if it is reasonably possible to avoid it. From our point of view, it would be embarrassing to press for the release of some members of the family and not of the whole family.[395]

(d) As regards a person who is *not* a Canadian citizen and has no dependents but has a subversive record, I see no reason why we should make any representations on his behalf or include him in group recommendations.[396]

(e) Then there is the person who is not a Canadian citizen, who has a subversive record and has a wife or children who are Canadian citizens with no subversive records. If this man is readmissible to Canada we might include him in our representations about the release of the wife and children, but only if after interviewing him we have some reason to believe that he is disillusioned about communism. As I have suggested in paragraph (c) above, we have repeatedly put our representations on humanitarian grounds and it would destroy the strength of our representations if we tried to separate families.[397]

8. Any policy agreed upon would of course be subject to revision at any time. I strongly recommend that the first two or three Canadian citizens permitted to return to Canada should be closely watched. If the R.C.M.P. fears are realized, then we should, of course, re-examine our policy.

DAVID M. JOHNSON

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[393] Note marginale :/Marginal note:
I agree C.J. [? non identifié/not identified]

[394] Note marginale :/Marginal note:
DL2 should be consulted on this. C.J. [non identifié/not identified]

[395] Note marginale :/Marginal note:
This is open to serious question if the parent is a citizen of the USSR. C.J. [non identifié/not identified]

[396] Notes marginales :/Marginal notes:
I agree. C.J. [non identifié/not identified]
Of course not. We would have no right to appeal. [J.A. Horwood]

[397] Note marginale :/Marginal note:
This argument cuts both ways. If we are not prepared to admit the man for security reasons we should perhaps not make representations on behalf of the family. C.J. [non identifié/not identified]

360. DEA/232-K-3-40

Le sous-secrétaire d'État aux Affaires extérieures à l'ambassade en Union soviétique

Under-Secretary of State for External Affairs to Embassy in Soviet Union

LETTER NO. C-511 Ottawa, August 25, 1959

CONFIDENTIAL

Reference: Your letter 620 of June 8, 1959.†

REPATRIATION OF CANADIAN CITIZENS AND THEIR FAMILIES FROM THE U.S.S.R.

You will have received a copy of our letter of July 6 to the Director of Immigration† in which we asked for his Department's views on the readmissibility to Canada of persons with a subversive record who were seeking to return with their families, some members of whom were Canadian citizens. The [name omitted] family was cited as an example and we asked specifically to be placed in a position to answer the question in your second paragraph: "The question in my mind is, of course, whether the R.C.M.P. views on the [name omitted] father constitute an objection only to assisting him and his family or also to his returning to Canada at all."

2. In a letter of July 30,† the Deputy Minister of Citizenship and Immigration has confirmed that it is the view of his Department that, provided at least one member of the family for whom representations have been made is a Canadian citizen, all members of the family should be regarded as readmissible to Canada.

3. While this expression of the views of the Department of Citizenship and Immigration is an encouraging development, the problem presented by the objections of the R.C.M.P. has still to be resolved. If, however, in the meantime, any of those for whom representations have been made were to be permitted by the Soviet authorities to leave the U.S.S.R., you might grant them appropriate visas for their return to Canada in accordance with the opinion expressed by the Deputy Minister of Citizenship and Immigration.

4. As you know, it is the opinion of the R.C.M.P. that persons wishing to return to Canada from the U.S.S.R. should be divided into two categories, those considered to be deserving of official help and those considered undeserving. It has therefore been necessary to work out an acceptable *modus operandi* in this field before an approach is made to the Soviet Ambassador here. In order to allow this and related problems to be reviewed with this object in mind, I should be grateful if you could provide a tabulation showing:

(a) the *names* of all members of families which include Canadian citizens on whose behalf representations have already been made in Moscow.

(b) the *names* of all members of other such families for whom as yet you have not been authorized to make representations.

(c) the *names* of all those Soviet citizens who have applied for emigration to Canada in order to join members of their families here and on whose behalf you have made representations.

(d) the *number* of other Soviet citizens for whom Canadian immigration visas have been authorized but who cannot obtain exit permits, on whose behalf representations have *not* been made.

E.H. GILMOUR
for Under-Secretary of State
for External Affairs

361. DEA/232-K-3-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 26, 1959

CONSULAR RELATIONS WITH THE USSR:
THE PROBLEM OF DUAL NATIONALS

Canada's relations with the USSR are relatively slender in the political and trade fields; hence consular matters give rise to most of the day-to-day contacts between the two countries, and in this field Soviet practices are in several respects far from satisfactory. Thus the Soviet Government refuses to allow dual nationals to return to Canada; it permits only a few of the thousands of Soviet citizens who apply for permission to join close relatives in Canada to emigrate from the USSR; in addition, while Soviet heirs to Canadian estates may claim the proceeds of these estates in accordance with due legal process, Canadian heirs are seldom able to obtain their inheritance from the Soviet Union.

Our most serious complaint concerns the treatment of dual Canadian-Soviet nationals — Canadian citizens who were born, or whose parents or spouses were born in the Soviet Union — who return, other than as tourists, to the Soviet Union. Once there, their Canadian citizenship is not recognized and they are subjected to the same rigid controls as are imposed on other Soviet nationals at home. The experience of other countries in the Western World has been similar to that of Canada.

Legal Division has looked into the legal aspects of this problem and given it as their view that "the conduct of the Soviet Government in refusing to grant exit permits to dual Soviet-Canadian nationals, while not in breach of any established rule in international law, fails short of the international law standard set up in the Universal Declaration of Human Rights." Article 13 of the Declaration provides that "everyone has the right to leave any country, including his own, and to return to his country."

The attached paper on this continuing problem explains the circumstances which make it difficult for Canada to do more than seek favourable consideration on humanitarian grounds for those affected.

Our Embassy in Moscow has made representations on a number of occasions, both in writing and orally, to the Soviet authorities including Mr. Gromyko. The Soviet reply has invariably been a flat assertion that these persons are Soviet citizens, the implications being that Canada has no right to appeal on their behalf. Both our Embassy and the R.C.M. Police have recommended that the matter be taken up with the Soviet Ambassador here and that, if there is no indication of a change in the Soviet attitude, consideration should be given to issuing a public warning for the benefit of persons in Canada who may otherwise become future victims of return-to-the-homeland propaganda. A public statement would serve to inform such persons that, if they do return to the USSR, they are likely to be taking an irrevocable step for themselves and their Canadian-born children. At present the only cautions issued are the Notice and Warning inserted in every Canadian passport and individual letters sent by the Department in reply to travel enquiries.

Attached for your consideration, therefore, is a draft statement prepared in reply to a hypothetical question in the House.† Such a statement may be expected to provoke a sharp reaction from the Soviet Embassy. For this reason, I believe we should first raise the question

with the Soviet Ambassador, indicating that it is one of deep and growing concern to the Canadian Government and that in fairness to our own citizens we cannot much longer delay warning them of the possible consequences of travel to the USSR, much as we regret the necessity of doing so.

I therefore propose, if you agree, to call in the Soviet Ambassador, remind him of the Prime Minister's letter of January 18, 1958 to the Chairman of the Council of Ministers in Moscow[398] (see penultimate paragraph of attached paper), present a list of selected names both of Canadians of dual nationality and of Soviet citizens who wish to leave the USSR to join relatives in Canada, and appeal on humanitarian grounds for their release.

If a largely negative response is received, as the experience of past years would lead us to expect, I recommend that an occasion might then be found for you to make a statement in the House along the lines of the attached draft.

Do you agree?[399]

N.A. R[OBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

Note de la Direction des Affaires consulaires et de la Direction européenne

Memorandum by Consular and European Divisions

CONFIDENTIAL

REFUSAL OF THE USSR TO ALLOW CANADIAN CITIZENS AND CLOSE RELATIVES OF CANADIANS TO COME TO CANADA

For several years consular relations between Canada and the USSR have been adversely affected by the unwillingness of the Soviet authorities to allow Canadian citizens and relatives of Canadian citizens to leave the USSR to come to Canada.

In its annual report for 1958 the Embassy in Moscow pointed out that since 1956 forty family groups totalling seventy-three persons have applied to the Embassy for repatriation to Canada. These persons are either Canadian citizens or long-time residents of Canada many of whom went to the Soviet Union, not as tourists, but for an indefinite stay, and now wish to return to Canada. Most of them left Canada as a result of Soviet return-to-the-homeland propaganda, travelling with Soviet passports and visas. The Embassy has had no success in convincing the Soviet Foreign Ministry that such people should be given any consideration. The Ministry continues to insist that all of them become Soviet citizens voluntarily, and must now be so regarded.

Some of those affected claim to have been the victims of misrepresentation by consular officials in the Soviet Embassy here. They have stated that they were persuaded to sign forms they did not understand and that they agreed to travel on Soviet passports in the confident

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[398] Voir « Réponse du premier ministre à M. Boulganine, » *Affaires extérieures*, Vol. 10, N° 2 (février 1958), pp. 38 à 44.
See "Prime Minister's Reply to Mr. Bulganin," *External Affairs*, Vol. 10, No. 2 (February 1958), pp. 38-44.

[399] Sidney Smith prit connaissance d'une version antérieure de cette note en mars 1959. Elle fut ensuite révisée pour Howard Green, mais ne lui fut pas transmise en 1959.
An earlier version of this memorandum was seen by Sidney Smith in March 1959. It was then revised for Howard Green, but not sent forward to him during 1959.

expectation of being able to return to Canada in due course. These claims cannot, of course, be either verified or disproved. Moreover, it is within the rights of Soviet consular officials to tell an applicant of dual Canadian-Soviet nationality that he would have to return to the USSR on a Soviet passport, and would not be granted a Soviet visa in a Canadian passport. Unfortunately, most of those with whom we are primarily concerned are not only, in our view, dual nationals in their country of other nationality, but for the most part are persons whom the Soviet authorities may legitimately regard as Soviet citizens; they have accepted the protections of the USSR by obtaining Soviet passports (cf, the William Joyce case[400]) and are now subject to the same restrictions as apply to all other Soviet citizens within the jurisdiction of the USSR.

Of the family groups which have recently returned to the USSR, at least the head of each family which has been investigated had some sort of adverse record while in Canada and continues to be regarded by the R.C.M. Police as a person whose return to Canada would be undesirable on security grounds; however, these reservations do not extend to most of the wives and children, the great majority of whom were born in Canada. There are also a number of persons who went to the USSR some years ago, to whose return there are no security objections.

Those who had gone to the Soviet Union with the original intention of settling in the country and who have now appealed to our Embassy to help them to come back to Canada, explain that they have become disillusioned with life in the Soviet Union. If, however, their professed disillusionment may be regarded as an effective rejoinder to Canadian security objections to their return, it may with equal validity be taken as a convincing argument to the Soviet authorities against allowing them to leave.

From time to time new cases arise in the USSR (as well as in some of the Soviet bloc countries, e.g. Hungary, Bulgaria, and Czechoslovakia) and appeals for assistance continue to be directed to the Embassy in Moscow, to Members of Parliament, including Cabinet Ministers, and to the Department in Ottawa; these appeals are made on behalf both of would-be repatriates and of Soviet citizens wishing to emigrate to close relatives in Canada. It may be recalled that the Prime Minister, in his letter of January 18, 1958 to the Chairman of the Council of Ministers in Moscow, pointed out that the Canadian Government would welcome a sign of willingness on the part of the Soviet authorities to permit freedom of movement for those persons who wish to leave the USSR to join relatives in Canada, as well as for any persons in the USSR who hold Canadian citizenship. Because of the formal legal position taken by the Soviet Union any approach we may make in reality must take as its point of departure our disapproval of the Soviet Union's general policy of denying freedom of movement to its own citizens, and proceed upon humanitarian grounds.

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[400] Joyce (surnommé « Lord Haw-Haw ») fut exécuté pour trahison par le gouvernement britannique après la Deuxième Guerre mondiale. Bien que né aux États-Unis, il avait revendiqué la nationalité britannique et acquis un passeport britannique. Sympathisant nazi, Joyce passa la guerre en Allemagne, d'où il diffusa à la radio des émissions de propagande en anglais. Il déclara par la suite ne pas pouvoir être condamné pour trahison parce qu'il n'était pas britannique, mais le tribunal statua que, du fait qu'il avait accepté un passeport britannique et la protection que celui-ci lui conférait, il avait le même devoir d'allégeance qu'un citoyen britannique.

Joyce ("Lord Haw-Haw") was executed for treason by the British government following World War II. Although American-born, he had claimed to be a British citizen and carried a British passport. A Nazi sympathizer, Joyce spent the war in Germany and made propaganda broadcasts in English. He later claimed that he could not be convicted of treason as he was not British. However, the court decided that because Joyce had accepted a British passport and the protection it conferred, he was under the same duty of allegiance as a British citizen.

Appeals made on humanitarian grounds have brought little result and suggestions that relations between our two countries are harmed by Soviet policy on this question have been met with the rejoinder that there are more important matters to be considered by our two countries than a few individuals who are, in any case, Soviet citizens.

362. DEA/232-K-3-40

Le chargé d'affaires en Union soviétique
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Soviet Union
to Secretary of State for External Affairs

DESPATCH NO. 1066 [Moscow], September 25, 1959

CONFIDENTIAL

Reference: Your letter C-511 of August 25.†

REPATRIATION OF CANADIAN CITIZENS AND THEIR FAMILIES FROM THE USSR

Attached you will find three separate lists† in reply to your letter under reference.

List A: The names of all members of families which include Canadian citizens on whose behalf representations have already been made in Moscow.

List B: Names of all members of families of Canadian citizens for whom we have not been authorized to make representations.

List C: The names of all those Soviet citizens who have applied for emigration to Canada in order to join members of their families there and on whose behalf we have made representations.

2. We are at present preparing our Annual Immigration List which will be sent to you shortly. This list will provide you with the information requested in paragraph 4, section (d) of your letter under reference.

3. We were grateful for the views of the Deputy Minister of Citizenship and Immigration as reported in paragraph 2 of your letter. Nevertheless, we would like to make it clear that in our view any case which we may make in public with respect to repatriates should not be restricted to those persons on whose behalf representations have already been made. While we appreciate the reasons for which the RCMP divides the repatriates into two categories, the "deserving" and the "undeserving," and while we recognize the necessity of working out a policy which gives appropriate weight to the specific interests of departments and agencies, we think that it would do great harm to our main objective to admit this distinction, even by implication, to the Soviet authorities. As we explained in our letter 620 of June 8, 1959,† in our representations to the Ministry, both in particular cases and at a more general level, we have always insisted that our position was based on purely humanitarian grounds and that all such persons should be allowed to return to Canada. Consequently, if we were now to suggest in any way that we ourselves differentiated between "deserving" and "undeserving" cases (and most certainly if we were to refuse to permit the re-entry of an "undeserving" individual or family), irrespective of the question whether we had made formal representations on their behalf, we would, I think, sacrifice what little hope we now have of repatriating anyone in these circumstances.

4. So far as assistance which the Embassy may provide for such persons is concerned, may I repeat what we have said in previous correspondence on this subject. Some of the repatriates have subversive records in Canada, but in our experience these are just as disillusioned with

life in the Soviet Union as are those whose Canadian record is clear. Should we ever break the log-jam with the Soviet authorities and get some of these people back to Canada, what they have to say about this country would be even more trenchant than words spoken by those who never had pro-Communist leanings.[401] There is, of course, always the risk that the Soviet authorities would release someone on the understanding that he act as their agent in Canada, but this would apply to those who previously had clear records as well as to those with subversive records. In any event, I think the risk would be outweighed by the advantages of having Canadians with all too close an experience in this country say what they had found in the USSR.

5. It occurs to me also that, should this subject ever have a full public airing in Canada, as for instance in the House of Commons, it would be rather difficult for the government to explain why it had helped some cases and not others. I imagine that the sentiment of a large part of the Canadian public would be that humanitarian considerations outweighed any past record of subversive activities unless the activities had been of a very grave nature.

MAXWELL F. YALDEN

[401] Note marginale :/Marginal note:
agreed J.D. F[oote]

CHAPITRE VII/CHAPTER VII

MOYEN-ORIENT
MIDDLE EAST

PREMIÈRE PARTIE/PART 1

LE COMMUNISME AU MOYEN-ORIENT : LA RÉPUBLIQUE ARABE UNIE ET L'IRAQ
COMMUNISM IN THE MIDDLE EAST: THE UNITED ARAB REPUBLIC AND IRAQ

363. DEA/12653-AB-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 3 Cairo, January 12, 1959

SECRET. PRIORITY.

Reference: My Tel 2 Jan 2.†
Repeat London, Washington, NATO Paris, Paris, Bonn from London (Information).
By Bag Oslo, Moscow, Brussels, Hague, Rome, Ankara, Beirut, Tel Aviv, Delhi, Karachi, Canberra from London.

THE UAR, IRAQ, COMMUNISM AND THE WEST

At Heads of Mission meeting in Paris early last month I reported

(a) that Communist Party seemed well on way to becoming dominant force in Iraq;

(b) that this situation in Iraq had been causing a great deal of concern in Cairo;

(c) that might lead to a basic re-examination of UAR foreign policy;

(d) that it might provide a better opportunity than there has been for some years to bring about an improvement in Western relations with UAR and to make Arab nationalist movement genuinely non-aligned rather than essentially anti-Western;

(e) that one of Khrushchev's purposes in manufacturing a crisis over Berlin might be to distract attention of Western foreign ministers from Mideast.

2. Since then there have been a number of developments which reinforce conclusion that a great deal may be at stake in this region in next few weeks or months. There are already a number of encouraging developments. On other hand it is I think not repeat not impossible that present malleable situation, if misunderstood and mishandled, could result in a still further deterioration of Western position in UAR as in Iraq. One danger is that new situation could lead to still further mutual disillusion about possibility of achieving reasonable relations of confidence between Arab world and West. Under circumstances it may be useful to summarize main developments as they appear at this end.

3. According to information available here until a few days ago Communist Party was steadily increasing its power in Iraq. UAR leaders were of course disquieted to find that result of fall of Nuri régime in Iraq may not repeat not be an extension of Arab nationalism as they

have understood it, but rather advance into Mideast of a new Russian imperialism which takes over from British the tactics of supporting an anti-Egyptian régime in Iraq. Inevitably Nasser's concept of Arab nationalism has been intimately bound up with position and influence of his own and Cairo's leadership. On other hand there is some reason to doubt that Nasser really seeks organic union with Iraq, and it seems more probable that what he would like is a looser form of co-operation, perhaps through Arab League or a UAS type of association. He seems to want hegemony rather than direct control. In any case it would I think be superficial to attribute present concern in Cairo merely to disappointed ambitions. I see no repeat no reason to doubt sincerity of Cairo leaders' devotion to dream of revived Arab independence and greatness; and I think that President Nasser and some of his associates have become genuinely disturbed with growth of communist influence in Iraq mainly because they see in it a threat to Mideast as a whole and to Arab independence in particular.

[4.] Under circumstances there would seem to have been, and still to be, five main courses open to UAR leaders:

(a) to try to improve position of non-communist Arab nationalists in Iraq;

(b) to improve UAR relations with West as a counter-weight to increased and increasing pressure of communism and USSR, which the Egyptian leaders are at last recognizing to be related;

(c) tacitly to ignore dangerous features of situation in Iraq, meanwhile concentrating on strengthening UAR home front and on developing Egyptian and Syrian economy;

(d) to come to an understanding with Russians and Iraqi régime and to concentrate Egyptian foreign activities in directions where established Western positions are main targets, such as penetration of North-Africa and East-Africa, and co-operation with communists in Afro-Asian movements;

(e) to try to save facade of Arab unity, and perhaps to get more Soviet economic aid, by doing a deal with Moscow and Iraqi communists, which might involve a loose federation including at least Egypt, Syria and Iraq; even though this might have to involve a dangerous degree of elbow room within federation for Arab communists.

[5.] Courses (a) and (b) might seem to go together as facets of one policy, with courses (c) and (d) as one alternative involving a "realistic" adjustment to fact of increased Soviet influence in Iraq, and perhaps course (e) as another alternative based on a less defensive type of adjustment to new facts of life. But present situation is by no repeat no means as clear-cut as these alternatives would imply.

[6.] Inevitably one consideration important to UAR leaders has been and is their dependence on Soviet economic aid, and their desire not repeat not to lose what they have got. It is clear from remarks made in confidence to me and other diplomatic representatives here by UAR leaders during past few weeks that another major concern has been fear that they could not repeat not really trust West. President Nasser has been genuinely concerned lest if he does adopt a policy that will compromise his relations with Russians by standing up to communist threat and opposing Soviet policy in Iraq, USA and UK might in a year or so, if not repeat not sooner, suddenly pull out the skids from under him. I do not repeat not doubt that one factor in situation, and in analysis of it suggested by Arab nationalists to Westerners, has been propensity of UAR leaders to try to build up their bargaining power like their countrymen in bazaar. But despite all this they have in fact been faced with a number of real and very serious dilemmas. Their response to these dilemmas has inevitably been empiric, but it has I think been interesting and courageous.

[7.] Towards end of November Ali Sabry told me that he and his colleagues were considering what to do about threat posed by Iraqi communists (my telegram 341 November 25†). Early in

December Dr. Fawzi told me, in reply to a question about Iraq, that we could be assured that UAR Government "would not repeat not stand idly by and see another imperialism taking over in Mideast from that of West." One of first overt developments was wave of arrests in Iraq of a number of anti-communist personalities, Baathists and others. Cairo's public treatment of these arrests was curious. They were virtually ignored by press, though UAR leaders seemed able to speak of little else in private conversations. In most cases when talking to newspapermen and many diplomatic representatives here, they ridiculed idea that there had been in effect any planned coup, as Iraqi Government had announced, and suggested that whole thing was work of communist agents provocateurs, which had had designed effect of ousting a number of anti-communists from key positions in Iraqi police, army, and administration and replacing them with communist nominees.

[8.] On other hand many of best informed observers in Cairo believe that there had in fact been a coup planned by anti-communist Iraqis and that UAR leaders had at least had some advance knowledge of this and had given it their tacit blessing. This would be in line with remarkably prescient forecast[401] in paragraph 5 of departmental telegram ME-347 November 26.†

[9.] Incidentally Samarrai, Iraqi Ambassador here, told me in confidence at a dinner shortly before Christmas that Sir Michael Wright, then British Ambassador in Baghdad, had informed Kassem that anti-communist Iraquis were plotting against him and had supplied names of men who had then been arrested.[402] I told Samarrai that I found this allegation difficult to believe, and asked him how he would account for this alleged UK action since principal end result of arrest of anti-communists was presumably to strengthen communists, who were a far greater threat to UK position in Iraq and Persian Gulf than Arab nationalists. Samarrai said he could not repeat not account for it on any basis other than that Michael Wright himself "and possibly also Mr. Selwyn Lloyd" had developed such a degree of personal hostility toward Nasser that this overrode any other considerations. Samarrai also said that USA Chargé d'Affaires was largely dominated by Michael Wright's strong personality and had gone along with general UK policy in Iraq. In response to my expressions of scepticism about Michael Wright's alleged involvement in arrests, Samarrai said that he could only speculate about motives but that his statement of facts was based not repeat not on speculation but on direct and certain knowledge from highest Iraqi Government sources. There is I think no repeat no doubt that Samarrai himself and also top UAR leaders believe this story. I do not repeat not know how many others Samarrai has spoken to about this. I should perhaps mention that at dinner when he spoke to me about this, Krishna Menon was present, apparently asleep (but perhaps not repeat not) on an adjacent couch. Incidentally, William Holden, *Times* Mideast correspondent, who recently visited Cairo, told me later that Samarrai had informed him that Iraqi arrests were result of information given to Kassem by Michael Wright. Holden did not repeat not believe this story.

[10.] Samarrai told me that after recent replacement of non-communists in Iraq by communists, an open clash in nature of a civil war was likely in Iraq before long; and he was none too optimistic about results unless Nasser should intervene in one form or another. According to Samarrai probable next move after Russians had consolidated their position in Iraq would be a revolution in Iran.

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[401] "[Nasser] may be tempted to seek an escape from his dilemma by recourse to subversive action to bring to power in Baghdad a régime more amenable to close ties with the UAR and less dependent on Iraqi communist support." DEA 50351-40.

[402] Voir/See Walter H. Waggoner, "Baghdad Reports Foiling New Plot," *New York Times*, December 9, 1958, p. 13.

[11.] However this may be, UAR leaders have obviously been concerned about possible implications for Syria of a consolidation of an anti-UAR and pro-Soviet régime in Iraq. There has already been considerable dissatisfaction in Syria, particularly among business community, landlords and intellectuals, with result to date of union with Egypt. In this situation pull of Iraq is considerable. The end beneficiaries of present widespread Syrian disaffection with UAR could well be Russians. It is I think important that Western Governments and also that Israeli Government, should recognize this.

[12.] Japanese Ambassador called on me shortly before Christmas in some excitement and told me that he had learned from reliable Arab sources that communist parties of Iraq and Syria had produced a document outlining a scheme for "Arab Peoples Republic" to include Iraq, Syria and Kurdistan (sic). Japanese Ambassador said that he had positive evidence that President Nasser had obtained a copy of such a document. I am unable to assess reliability of Japanese Ambassador's statement though it does not repeat not seem *prima facie* impossible.

[13.] However this may be, as reported in my telegram 2 January 2† current response of UAR leaders to communist threat to Syria and Iraq has been open attacks in Cairo press (and presumably Cairo radio) on communism as a threat to Arab world as a whole, and to Islam; arrest of a number of communists in Syria and Egypt; and appointment of the Boghdady-Hourany-Mohieddin Special Committee to consolidate political and economic situation in Syria and, according to well-informed sources, to "smash Syrian communists." Public campaign against communism was launched by President Nasser himself in recent speeches.

[14.] While one motive has presumably been to consolidate domestic position and security of UAR régime, it seems obvious that another and perhaps more important motive of UAR leaders has been to strengthen position of anti-communists in Iraq itself. According to information here there seems to be some reason to believe that this campaign has already met with some degree of success. I gather that there have been anti-communist riots in last few days in various parts of Iraq, and that pamphlets have been circulated proclaiming that Iraq does not repeat not wish to become another Hungary. At a dinner for Fanfani a few days ago I had a word with Samarrai who told me that a few days previously a number of anti-communist members of Iraqi cabinet had finally told Kassem that they would resign in a body if he did not repeat not stand up to Communist Party and take steps to reduce its strength. Samarrai said that speech Kassem gave, on Iraqi Army Day (January 7) had been drafted by these anti-communist members of his Cabinet. Samarrai was obviously very pleased with it. Next morning it received a big and favourable play in Cairo press.

[15.] I have the impression that the stand taken against the communists by a group of Cabinet Ministers which has apparently had some effect on Kassem had been concerted in advance with President Nasser and Ali Sabry and was part of a plan of which public anti-communist campaign within UAR, described above, was an essential and preliminary part.

[16.] According to Samarrai danger in Iraq, while slightly lessened, is by no repeat no means past and real showdown probably still lies ahead. A great deal will of course depend on extent to which communists succeed in their present efforts to penetrate army. A Soviet military mission, and Soviet technical advisers accompanying arms shipments, may be important in this regard.

[17.] Samarrai said to me that British and Americans were still playing into communist hands in Iraq. He said however that he had just learned that Sir Michael Wright had resigned from British Foreign Service. (Is this true?) Incidentally Samarrai seemed to think that Trevelyan would prove to be, from his point of view, a more helpful British Ambassador in Baghdad than Wright.

[18.] However this may be, it is I think important to realize that on most important current issue in Mideast — future of Iraq — UAR leaders seem to have taken strong and courageous

action against Soviet interests. It would appear that when their first early December attempts to correct situation in Iraq (by instigating or cooperating with an attempted coup) failed, they did not repeat not abandon their efforts, but changed their methods and tried as it were to play it relatively straight by giving an overt lead to Arab nationalists everywhere to stand up to communist threat. It is too soon to say whether or not repeat not this will prove successful in Iraq, but it is of obvious importance to West as well as to UAR that it should do so. It is clear that Cairo is in a better position to make such a lead effective than any other centre. But UAR leaders did not repeat not take this decision without some trepidation, and as would be expected there seems to have been some important differences of opinion among President Nasser's associates, some of whom were advising him not repeat not to risk alienating Moscow in view of settled and proved hostility of London and Washington. That President Nasser has taken this strong course against communism despite considerable misgivings about real attitude of important Western governments is significant.

[19.] Shortly after December arrests in Baghdad, in which UAR leaders almost certainly believe Sir Michael Wright played a role, Rountree visited Cairo. This visit was timely and undoubtedly very helpful, though I gather that it did not repeat not by any means dispel all suspicion. A few days thereafter Randolph Churchill's statement that UK Government is considering organization of a new Mideast alliance including Israel,[403] cause renewed concern, particularly in view of many reports of increased Western arms deliveries to Israel.

[20.] Incidentally I do not repeat not know whether there is anything in Randolph Churchill's story about Mr. Macmillan planning to organize a Western Mideast Pact with Turks, Persians and Israelis and without Arabs. I hope there is not repeat not. I cannot imagine anything much better calculated, particularly at this rather critical period, to tilt both Iraq and UAR, however reluctantly on part of many of their leaders, into real and perhaps final accommodation with communists and USSR. This is also view of Pakistan ambassador here, who told me that he had wired his government strongly urging them to have nothing to do with any such plan. American ambassador doubts if his government is in fact considering any such plan, which he also thinks would be very foolish indeed.

[21.] Events of past two months in and in relation to Iraq, illustrate decisively as it seems to me, dangerous superficiality of two influential fallacies. One is assumption hitherto widely held among Arab nationalists that main threat to their independence and aspirations comes from West, and that Russians are natural allies. Other is illusion even sillier on record but widely held in London and some other Western centres and in Israel, that Nasser and his associates are puppets or stooges of Moscow. Fallacy of this latter analysis had of course already been demonstrated last winter when Egypt accepted union with Syria in order to forestall communists: but that lesson appears not repeat not to have been adequately learned at time in Western Europe.

[22.] I am not suggesting that choice in Iraq will necessarily be between communist control and close association of Baghdad with Cairo. That is conceivable. Samarrai thinks it will eventually come to that. But in any case a lead from Cairo seems to have been necessary, and may well continue to be necessary, to inspire sufficient courage and direction in Arab nationalists in Iraq to stand up to communists.

[23.] Under circumstances it would seem desirable that Western Powers — and for that matter also Israel — should consider just what they really want, or at least just what they most do not repeat not want, in Arab part of Mideast. I do not repeat not think it wise for them to

[403] Voir/See Randolph Churchill, "I Report a Bold Plan for the Trouble Zone," *Evening Standard*, December 17, 1958.

seek to weaken influence or courage of nationalists at those times, or in those places, where most likely alternative seems to be the communists.

[24.] Meanwhile there have been a number of developments in UAR's relations with both Western and communist bloc countries. UAR leaders appear to have been genuinely anxious lately to improve relations with West, but uncertain to what extent they can confidently do so. At same time they were getting desperately short of wheat, and of international currencies. Americans (and Italians) have agreed to fill present gap in wheat, and if all goes well a financial settlement with UK will provide valuta. But opportunity and desire to improve relations goes beyond these immediate material factors. UAR leaders would, I believe, and for good strategic reasons, like to adjust somewhat their neutralist position.

[25.] It would however be foolish for us to expect UAR to abandon its neutralism. We must recognize that to many Arabs, and indeed to many people in other formerly colonial regions of the world, "neutralism" or non-alignment with either East or West is one aspect and one way of asserting their recent achievement of self-determination and independence. There are also tactical and purely Arab political considerations. In view of popular conditioning of recent years it has obviously been, and will doubtless continue to be, important in an ideological struggle in Arab world between pro-Nasser nationalists and communists, for nationalist forces not repeat not to appear too identified with West. For these various reasons UAR leaders' firm action against communists has been balanced, as it were, by certain concessions to Soviet bloc. We are reporting separately on some of these developments.

ARNOLD SMITH

364. DEA/11044-CF-40

Note du sous-secrétaire d'État suppléant aux Affaires extérieures pour le premier ministre

Memorandum from Deputy Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], April 2, 1959

U.K. ARMS FOR IRAQ

The U.K. authorities sought our views on March 27 on a proposal to notify Prime Minister Qasim "within the next few days" that the U.K. would be willing to meet the request made by the Iraqis on January 25 for 48 Centurion tanks, 14 Canberra bombers, and some artillery. Actual delivery, however, would be unlikely to begin before late 1960.

2. The following are the main considerations behind the U.K. Government's proposal:

(a) It would help to prevent the growth of communist influence in the army, which is the key to the Iraqi political situation, because it would demonstrate that there was an alternative to dependence on the Soviet bloc as a source of military supplies; and

(b) The U.K. consider the likely alternatives to Qasim to be a régime subordinate to either Cairo or Moscow, and that either would be damaging to U.K. interests. The U.K. have not yet written off Qasim as "a tool of the communists" and therefore believe they should do whatever they can to ensure his survival and to maintain good relations with him.

3. On March 30, we informed Earnscliffe that, in the absence of ministers, the Department's views were: (a) on balance there appeared to be no conclusive argument against the proposal; but (b) the U.K. Government might wish to inform the UAR Government in advance of the proposed action.

4. As regards 3(a) we accepted as of overriding importance the need to avoid increased communist influence in the Iraqi army, even though we doubt whether Qasim can survive without becoming a prisoner of the Iraqi communists unless he improves relations with the UAR. As regards 3(b), we considered that there was considerable doubt whether the U.K. decision could be kept secret from the UAR Government, as the U.K. Government hoped, and that accordingly prior consultations with the UAR authorities would:

(a) tend to reduce at least somewhat current UAR suspicion about U.K. policy in Iraq;

(b) constitute a definite step towards the resumption of more normal relations desired by both governments; and

(c) force the UAR government at least to consider the strength of the argument about avoiding an increase in communist influence in the Iraqi army.

5. The U.K. authorities, while remaining doubtful about prior notification to the UAR, have now inquired informally whether, if such notification were to be given, our Ambassador in Cairo could be used as the channel of communication, since the only recognized function of Mr. Crowe, the U.K. representative in Cairo, relates to the implementation of the recent UK-UAR financial agreement.[404]

6. Since, in our view, the use of a purely Canadian channel would defeat much of the purpose of having the U.K. inform the UAR in advance, we might, if you approve, inform the F.O. that:

(a) As they already have a senior representative in Cairo, he would appear to be the logical channel to use; and

(b) If Mr. Crowe needs assistance in arranging an interview with a suitably senior UAR minister, we would be prepared to ask our Ambassador to initiate arrangements, although the U.K. might wish in the first place to seek this assistance from the U.S. which has major responsibilities in the area and has indicated its concurrence in the U.K. proposal.[405]

R.M. M[ACDONNELL]

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[404] Voir/See United Kingdom, Parliamentary Papers, Cmnd. 639, *Agreement between the Government of the United Arab Republic and the Government of the United Kingdom of Great Britain and Northern Ireland concerning Financial and Commercial Relations and British Property in Egypt* (London: Her Majesty's Stationery Office, 1959).

[405] Note marginale :/Marginal note:
Prime Minister agrees to courses proposed in para 6 above but he hopes that course (a) will suffice. H.B. R[obinson]. April 3, 1959.

365. DEA/12653-Y-40

L'ambassadeur en République arabe unie
au haut-commissaire au Royaume-Uni

Ambassador in United Arab Republic
to High Commissioner in United Kingdom

TELEGRAM 401 Cairo, May 11, 1959

SECRET. OPIMMEDIATE.

Reference: My Tel 398 May 10† and UK Del Tel 230.
Repeat External (OpImmediate) from London, NATO Paris, Paris, Permis New York, Washington from London (Information).
By Bag Ankara, Beirut, Belgrade, Karachi, Moscow, Delhi, Oslo, Tel Aviv, Tehran from London.
London: Please pass immediately to FO.

UK ARMS TO IRAQ

I saw Nasser at noon today at his country house and delivered Mr. Selwyn Lloyd's message to Dr. Fawzi,[406] with oral amplification. Nasser received thoughtfully and very well the letter and my amplifying comments; and he promised that Fawzi would reply in due course. I shall be sending in a day or so a report of main points in our conversation which lasted about two hours.

2. In general Nasser appeared to understand and respect UK decision. I reminded him that he had once told me that UK-USA failure to supply him with arms in 1955-56 had forced him to turn toward Soviet sources, with consequent increase of Soviet influence, and Nasser acknowledged that in the situation which had now been reached the UK decision to accept Kassim's request for arms might well prove on balance sound. He said the policy was a gamble, particularly as the army was being greatly weakened by removal of key officers, but that under all the circumstances Kassim and the Iraq army might be the only hope left of preserving Iraq from communism. Nasser said he had been favourably impressed by Kassim's resistance to recent communist demands for Cabinet posts.

3. We also talked about possibility of resuming UK-UAR diplomatic relations. I will be reporting on this separately.

4. It is I think important that no repeat no public reference be made to the fact or contents of Mr. Selwyn Lloyd's letter to Dr. Fawzi, despite the political value of Nasser's relatively favourable immediate reaction to the information on proposed supply of UK arms to Iraq. A failure to protect strictly the private and confidential nature of UK message which we delivered could only damage such prospect as there may be of future development of such exchanges. It might also react adversely on the value of the Canadian channel used in this instance.

5. I expressed the hope to Nasser that the Canadian role as a channel for this communication could also be kept confidential and he readily agreed to do so. He also expressed warm appreciation of our action in delivering UK message and discussing matter with him.

6. In my opinion the exercise, and particularly the fact of delivering the message and making the oral points directly to Nasser rather than to any of his ministers, has been well worthwhile. We cannot repeat not of course be sure what the ultimate reaction may be after the President

[406] Crowe avait été incapable de délivrer le message. Voir le document suivant.
Crowe had been unable to deliver the message. See the following document.

has discussed the matter with his advisers, or in particular what policy they may consider it necessary to follow in their propaganda after today's statement in UK Parliament.[407] Moreover the beneficial effect of giving advance notice to Nasser would obviously have been very much greater had this been done some days ago, before the very full press leaks. *Egyptian Gazette* of last Saturday (May 9) carried for example a very full AP story. Nevertheless it is I think now certain that Nasser will not repeat not himself misinterpret UK decision, and I am not repeat not unhopeful that even UAR propaganda about it may be moderate.

ARNOLD SMITH

366. DEA/12653-Y-40

Extrait d'un télégramme de l'ambassadeur en République arabe unie au secrétaire d'État aux Affaires extérieures

Extract from Telegram from Ambassador in United Arab Republic to Secretary of State for External Affairs

TELEGRAM 419 Cairo, May 15, 1959

SECRET

Reference: My Tel 401 May 11.
Repeat London, NATO Paris, Paris, Permis New York, Washington from London (Information).
By Bag Ankara, Athens, Beirut, Belgrade, Bonn, Karachi, Moscow, Delhi, Oslo, Tel Aviv, Rome, Tehran from London.

TALK WITH PRESIDENT NASSER — UK-UAR RELATIONS

My two-hour talk with Nasser last Monday covered a lot of territory. This telegram reports our conversation on UK-UAR relations. Briefly the President acknowledged his need and intention to reexamine the whole question of diplomatic relations with UK.

. . .

5. Last Friday, I flew to Gaza returning on Saturday morning. Meanwhile as you know, Mr. Crowe had tried unsuccessfully to deliver Mr. Selwyn Lloyd's letter. He had spoken to an official who had twice referred the question to Zulficar Sabri and the latter had absolutely refused to receive it. By agreement with Mr. Crowe I therefore arranged through Mourad Ghalib an appointment with Nasser for noon Monday.

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[407] En réponse aux allégations selon lesquelles la vente d'armes à l'Iraq aurait un impact négatif sur les relations entre le Royaume-Uni et la RAU, Profumo fit une brève déclaration dans laquelle il révéla que des mesures avaient été prises pour informer Nasser des intentions du gouvernement du Royaume-Uni. Nasser réagit avec embarras et colère, ne voulant pas donner l'impression d'avoir cautionné l'action du Royaume-Uni. La radio et la presse égyptiennes rapportèrent par la suite que Smith avait servi de courroie de transmission. Smith recommanda vivement de ne faire aucune déclaration publique à ce sujet à Ottawa. Voir le télégramme Cairo à Ottawa 420, le 15 mai 1959,† MAE 12653-Y-40.

In answer to allegations that the sale of arms to Iraq would have a negative impact on relations between the UK and the UAR, Profumo made a brief statement revealing that steps had been taken to inform Nasser of the UK government's intentions. Nasser responded with embarrassment and anger, fearing that it would seem he had endorsed the United Kingdom action. The Egyptian radio and press subsequently reported that Smith had been the channel of communication. Smith strongly advised that no public statement be made on the matter in Ottawa. See Cairo to Ottawa telegram 420, May 15, 1959,† DEA 12653-Y-40.

6. On Sunday evening I had a long talk with Swiss Ambassador Pahud. He told me that the previous day Zulficar Sabri had categorically and finally rejected all his various requests for Mr. Crowe's UK property mission. They could not repeat not work in either UK residence nor repeat nor UK chancery, even if these remained under Swiss flag, nor repeat nor could they have their own bag or cypher facilities. Swiss Ambassador said that Zulficar Sabri had clearly been in a hostile and fixedly anti-UK mood. Incidentally M. Pahud told me that he had reproached Zulficar Sabri for his refusal to accept from Mr. Crowe the personal and confidential message from Mr. Selwyn Lloyd to Dr. Fawzi, explaining that as it dealt with questions of political policy in other countries it was quite outside Switzerland's mandate as a politically "neutral" protecting power for interests in the UAR. Zulficar Sabri said that UAR had absolutely no repeat no interest in any message the UK might have to communicate. Swiss Ambassador had thought that this refusal of Sabri's could only have come from Nasser himself.

. . .

8. I saw Nasser alone at his country house at noon. I found him friendly and indeed grateful to UK for Mr. Selwyn Lloyd's message and to Canada for our action in the matter. I should report that in order to help explain our role in agreeing informally to deliver the note, I said that when Canadian authorities learned of Kassim's request to UK for arms, though Canada had taken no repeat no part in UK's decision to supply these arms, we had nevertheless suggested to UK that they talk it over with UAR. UK had agreed to this suggestion. I tried to make the same points to Nasser that I had made earlier to Moheiddin, about the genuine concern of UK during the last few months at the trend toward communism in Iraq. I said that in my personal opinion there was just now some perplexity both in London and in Cairo about how this trend could most effectively be arrested. I made a number of other points along lines of various guidance telegrams and my previous telegrams to you on the subject, with the two-fold purpose of:

(i) Explaining UK decision and motives in the best possible light.

(ii) Illustrating the point which I went on to make explicit (saying that I was speaking entirely personally and without instructions in this) that both UK and UAR were suffering seriously from the lack of channels for direct consultation, and that in the case of Iraq this inability to exchange views seemed in my judgment greatly to increase the risk that the communists would win out in the end.

9. As already reported, Nasser received extremely well the explanation of UK decision, and said that while it was a gamble he was inclined to think it might well be the wisest decision under all circumstances.

10. On the question of UK-UAR relations, Nasser seemed ready to recognize that the lack of channels for direct consultation was a real weakness. He described to me however the care with which UAR analyse not repeat not only the UK press but articles in those newspapers in Lebanon, Sudan and elsewhere in Arab world which (the President claimed) were influenced, and in various cases, subsidized by UK missions.[408] All this, the President thought, gave him a fairly reliable picture of developments in the real policy of UK. (I have had a lot of previous evidence of the extraordinary reliance UAR place on press analyses. It is disturbing.) But the President seemed willing to recognize that UK Government was a large machine and that trying to assess the real views and policies of the men at the centre by a detailed analysis of accounts or writings of foreigners who might be influenced by talks with various junior UK officials in other countries was cumbersome and inadequate.

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[408] Note marginale :/Marginal note:
Some are, or were. [Auteur inconnu/Author unknown]

11. I said that it seemed to me personally that on many points of political policy UAR had a better case than they had effectively presented in various Western capitals, and that in my judgment the President could gain a great deal by having an intelligent and able representative in London who could discuss UAR viewpoint with politicians and officials. Nasser would I thought also gain by having a good UK ambassador in Cairo. Ambassadors of democratic countries usually tended to grasp and sympathize with the legitimate interests and viewpoints of the countries in which they live, and were thus often the most persuasive and effective advocates within their own government machine of the views of the government to which they are accredited.

12. Nasser seemed ready to recognize that diplomats tend to acquire some degree of "localists" and that in many cases the receiving government can benefit from this in securing understanding and recognition of its genuine interests. He also conceded that he too suffered from the lack of contacts with London. He was acutely conscious just at present of the advantage of reliable channels of communication, because he has been suffering from his own lack of such channels to Kassim in Iraq.

13. But the President asked "What do you want me to do? Do you expect me to welcome the British in Cairo with open arms after all that they have done, not repeat not only in November 1956 but subsequently?" This did not repeat not seem to be merely a debating point but a genuine perplexity. As the President seemed anxious to talk about the problem, I took the opportunity to make a number of personal observations.

14. I said that exchanging diplomatic missions should not repeat not necessarily imply welcoming a country with open arms. Western democracies maintained relations with USSR and vice versa because both sides found it worthwhile despite their distrust and mutual fears. USA had rejected the idea of diplomatic relations with Communist China, but many professional diplomats in the West, as well as most neutralist governments, considered this policy unproductive and rather costly to all concerned. Exchanging representatives should not repeat not be considered the reward for acceptable behaviour, or a point for bargaining to induce a more welcome policy, but rather an essential instrument and first step in making possible a gradual improvement in relations.

15. This point seemed to make an impression on the President. He said that a few months ago he had contemplated a fairly early resumption of diplomatic relations with UK. But he had found that the British Secret Service, operating in Beirut, were trying to recruit members of the Jebel Druze and other minorities in Syria. With Syria already threatened by communism in Iraq, the President said he thought it would be dangerous to facilitate these efforts. Opening a diplomatic mission would inevitably increase UK prestige and respectability in UAR and make it easier for Secret Service to recruit.

16. I commented that while it might be easy to understand UAR suspicions and resentments about UK, the international community was too small for any country to be able to afford going on indefinitely basing its policies on old hostilities and grudges or on merely countering other countries' moves. It seemed to me that the really constructive solution for serious international problems involved forgiving and transcending ancient enmities, as Canada and other Western countries had succeeded in doing in last 14 years in the case of their relations with the Germans. Though this had involved political difficulties and some real risks for us, it had worked. There were many people in UK today who genuinely wished to work toward a gradual understanding with UAR, and it seemed unwise in the interests of Arab nationalism to rebuff tentative Western approaches to new policies and to discourage potential friends or to encourage those in the West who maintained that you can't trust or do business with Nasser.

17. Nasser listened thoughtfully to this and repeated that he intended to undertake a reexamination of the whole subject of relations with UK. He reiterated appreciation for the initiative involved in the delivery of the letter from Mr. Selwyn Lloyd about Iraq. He seemed in a genuinely receptive as well as friendly frame of mind.

18. Later that afternoon Mr. Eugene Black of the World Bank had a long conversation with President Nasser. Black also spoke about UK-UAR relations. My telegram 407 May 12† reports this part of Mr. Black's conversation. It is significant that the President said to Mr. Black as he had to me that he recognized that he should review his policy toward UK in the light of new circumstances. Mr. Crowe got a report of this conversation from Mr. Rucinski. Mr. Hare, USA Ambassador, came to see me next morning and gave me a similar account. He emphasized however that the fact that he had reported on Mr. Black's conversation to me must be strictly protected.

19. It was after the conversation with Mr. Black that Nasser and Ali Sabri listened to UK radio about Mr. Profumo's reference to confidential Selwyn Lloyd-Fawzi message and that Ali Sabri phoned me (reference my telegram 405 May 12).†

20. Mr. Hare came to see me Tuesday morning to ask about my talk and about the Hatem communiqué regarding by delivery of this UK message. Mr. Hare felt as I did that considerable progress had been made during the three conversations which he, Black and I had had with the President during the previous three days. He considered that for the time being at least the unexpected disclosure in the UK Parliament had set things back rather badly and had done something to offset the progress made on UK-UAR relations, if not repeat not on prospects for a shift in UAR policy toward Iraq. Hare told me that he had suffered himself on several occasions in the past from leaks in Washington and elsewhere regarding confidential talks which he had had with Nasser. He had found the President remarkably sensitive on such matters. Effective Western channels direct to Nasser were, Hare said, so few that it was most important they be safeguarded.

21. Despite all this it is my hope that the setback will prove only temporary, and that the progress made toward an improvement in UK-UAR understanding, though perhaps temporarily submerged, may nevertheless prove permanent.

22. I have since been told that on Tuesday night (May 12) one or two Cairo newspapers which had apparently prepared and were printing critical editorials on UK message and Canada's role in delivering it, received and obeyed urgent orders to stop the presses and remove the articles. Thus far at least I have seen no repeat no press comment on either UK message or Canada's role as intermediary, in any of the Cairo papers, beyond the short Hatem communiqué. This is surely a good sign.

23. Yesterday I called on Salah Khalil, Secretary-General of the Ministry of Foreign Affairs, to discuss a few bilateral questions (Canadian-UAR phone link, visa delays, etc). I took the opportunity of mentioning how sorry I had been that the President had been embarrassed by the unexpected public reference in London to Mr. Selwyn Lloyd's message to Dr. Fawzi. Khalil said that the disclosure had seriously embarrassed President Nasser and Mr. Ali Sabri, but he volunteered that they fully recognized that we had not repeat not ourselves been involved in this disclosure. Khalil said that we ourselves were also "victims" of the accident. Canada's role, he said, had been appreciated and was not repeat not misunderstood. He also seemed very mild about the UK.

24. Khalil also mentioned that Zulficar Sabri had taken to his bed Tuesday morning with an indisposition. He is still ill.

ARNOLD SMITH

367. DEA/9200-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 422 Cairo, May 15, 1959

SECRET. PRIORITY.

Reference: My Tels 401 May [11] and 419 May 15.
Repeat NATO Paris, Paris, Permis New York, Washington from London (Information).
By Bag Ankara, Athens, Beirut, Belgrade, Bonn, Karachi, Moscow, Delhi, Oslo, Tel Aviv, Rome, Tehran from London.

CONVERSATION WITH PRESIDENT NASSER — IRAQ

In my telegram 401, sent immediately after my return to Cairo from Nasser's country house, I reported the President's very understanding and relatively favourable reaction to UK decision to agree to Iraqi government's request for arms. The President was alone, and in a relaxed mood. In a conversation which lasted two hours he made a number of interesting remarks about situation in Iraq and his policy toward it. In general, the President's remarks confirm the tentative analysis put forward in my deferred telegram 375 of May 2.† I propose now therefore merely to report additional information.

2. The President said that he had had a number of meetings recently in an attempt to reexamine policy toward Iraq. He had during the past ten days come to the conclusion, as (he said) I had doubtless noticed from Cairo's radio and press that attacks on Kassim himself[409] should cease. As things now were they seemed unlikely to do any good and might well do harm. He thought the trend towards communist control inside Iraq had by now gone very far but he had had a number of reports that observers in Baghdad considered that attacks on Kassim personally, as distinct from Mahdawi and other communists around him, tended to force Kassim into greater reliance on the communists. Moreover Farhat Abbas, Prime Minister of Provisional Algerian Government, had recently brought him a message from Kassim, suggesting that if Cairo pressure on him ceased then Kassim might be able to make more of a stand against communist pressure. I said that I had heard that this was also the analysis of some of the leading Western representatives in Baghdad.

3. The President said that he considered it quite possible that the communists were behind this idea and had prompted Kassim's message to him and had also planted this analysis in the minds of non-communist Iraqis who had persuaded UK and USA representatives of its soundness.

4. On the other hand the President said he had been impressed by Kassim's resistance to communist demands for Cabinet seats. UK policy was a gamble, but in the state to which things had got there was for the time being at least no repeat no real alternative to giving a fair

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[409] Par exemple, voir les discours de Nasser dans *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963): March 12, pp. 282 à 285; March 15, pp. 285 à 293, and March 20, pp. 299 à 304.
For example, see Nasser's speeches in *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963): March 12, pp. 282-85; March 15, pp. 285-93, and March 20, pp. 299-304.

try to refraining from criticism or pressure on Kassim. The President was not repeat not too optimistic but this seemed to be the only policy left now and there was no repeat no harm in trying it for at least three or four months and seeing whether it worked.

5. As already reported, Nasser was quite sympathetic to UK decision to accept the new arms order. He seemed glad however that the delivery of big items would not repeat not be until latter part of 1960.

6. President Nasser said that he himself had no repeat no adequate channel of communication with Kassim and this made things difficult for him. He was however trying to get a message (drafted the previous evening) through to Kassim, apparently assuring him that UAR would not repeat not try to undermine Kassim's position and would if necessary do what it could to support him should he make a stand against communists and require UAR help. The President also hinted that he might be receiving a personal emissary from Kassim before long.

7. President Nasser reiterated that this whole policy was a gamble. But he readily agreed with my observation that unsuccessful riotings or attempts at a coup play into communist hands. He said that he of all people knew this perfectly well, and described his insistence during ten years of patient preparation on being sure of results before allowing his sometimes over-zealous collaborators to initiate the successful 1952 coup in Egypt.

8. In explanation of the Mosul coup[410] Nasser said that Shawaff, like Arif, had been over-hasty and imprudent. Inevitably revolutionary situations tended to breed such men and the successful July 14 revolution had put a number of them to the fore. Sometimes such bold and rapid action was necessary, but it should not repeat not be allowed unless success were certain. Nasser naturally did not repeat not admit any involvement on his part in abortive Mosul rising but he did say that "from all I can learn" Shawaff had not repeat not been intended as the leader of the rising and had been pushed or enticed into premature action on his own. In this situation the excessive caution of some of the other officers in other parts of Iraq had proved as fatal as Shawaff's over optimism and imprudence.

9. The President said that several Iraqi politicians, including the leader of National Democratic Party, had last autumn urged him to agree to a relatively loose democratic federation of Iraq, Syria and UAR. This had seemed to him impractical, and he had told them so, pointing out two objections which seemed to him decisive. One was that democratic elections in such a federation might well produce a pro-communist or popular front majority in Iraq, a pan-Arabist-Baathist majority in Syria, and a pro-Western majority in Egypt. (Nasser called this latter a majority favouring "Western imperialism"). It would be quite impossible for any federal government to hold the three parts together under such circumstances. The second objection was that Iraqi politicians seemed incapable of recognizing that after a successful military rising, they could not repeat not reasonably expect Iraqi army to abdicate and tamely take orders from civilian politicians. The President said that in any country it took at least ten (sic) years after a successful military coup before the army reverted to a reliable subservient instrument of the civil power. The President treated me to a number of fascinating reminiscences about demands made on him, in the early period after 1952, by parts of Egyptian army and particularly the armoured corps, and about how he had dealt with them. He also insisted that he really did not repeat not want to take over Iraq or Jordan. Syria had more than doubled his problems.

10. President Nasser said that he had had a great deal of sympathy with the idea that the main hope of stemming communism in Iraq lay in the officers of Iraqi army. He respected what he

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[410] Une tentative de coup d'État en Iraq le 8 mars. Elle fut dirigée par un officier de l'armée, le colonel Abdul Wahab Shawaf.
An attempted coup in Iraq on March 8. It was led by an army officer, Colonel Abdul Wahab Shawaf.

understood to be the UK view, which underlay their decision on the arms request, that army officers were still the most promising anti-communist force. On the other hand, Nasser said that the position of army officers was by now very seriously undermined. He had many reports that officers in units found that they got along satisfactorily only by obeying the orders of their NCOs. (I might add here that the Anglican Archbishop of Jerusalem, who is at present visiting Cairo and with whom I have had several conversations, gave me exactly this same assessment about Iraqi army. He has just come from a fortnight in Baghdad where he was staying with Sir Humphrey Trevelyan, and had had confidential talks with a number of Iraqi contacts active in various branches of the Christian community.)

11. In general therefore Nasser implied that he tended to place more hope, for the time being at least, on possibility of a rapprochement with Kassim himself than on Iraqi army. He hoped however that the relaxation of pressure might gain time for the army officers to reassert their authority over their men. Nasser did not repeat not imply that it would be easy to reestablish confidence between Kassim and himself. He said that he intended to resist any ideas of sending even a single commando from the Egyptian or Syrian regions into Iraq. If he were caught the communists would exploit the whole situation with probably fatal results towards the new policy.

12. I asked the President whether he intended to let up on criticism about communism as well as on criticism of Kassim himself and the Iraqi régime. He said that his recent campaign against communism had been essential in order to strengthen the domestic situation in UAR. Now however he thought that anti-communist campaign had proved relatively effective, particularly in Syria where it was most needed. He thought that the Syrians and Egyptians were now probably safely inoculated for several months, perhaps a year. While therefore he did not repeat not intend to change his position on communism, the anti-communist campaign would diminish considerably in intensity. Meanwhile it had not repeat not only proved healthy inoculation but had strengthened popular support for his régime in Syria particularly.

13. The President did not repeat not volunteer any details about the reply which he was preparing to send to Khrushchev's 21-page letter of early April.[411] In general he wanted to get along with non-Arab communist countries as well as others, attacking them politically only when they attacked him. He also welcomed Soviet economic aid, he recognized that USSR probably consider it tactically wise to play for a détente in Iraq and for time to consolidate the communists position. On the other hand considerations already mentioned suggested that a détente might be valuable from the non-communist point of view too. The whole policy was a gamble, but on balance it seemed worth trying particularly as there did not repeat not seem to be any practicable alternative.

ARNOLD SMITH

[411] Sur cet échange de lettres, voir télégramme 284 de Moscou à Ottawa, 29 mai 1959,† MAE 12653-AB-40.
On this exchange of letters, see Moscow to Ottawa telegram 284, May 29, 1959,† DEA 12653-AB-40.

368. DEA/12653-Y-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République arabe unie

Secretary of State for External Affairs
to Ambassador in United Arab Republic

TELEGRAM ME-134 Ottawa, June 8, 1959

SECRET. OPIMMEDIATE.
Reference: Ldn Tel 1767 Jun 2.†
Repeat London (Information).

UK-UAR RELATIONS

Earnscliffe has sent us the following letter dated June 8 which contains a number of points on which the UK Government would like to reassure the UAR authorities in connection with latter's review of UK-UAR relations:

"Mr. Selwyn Lloyd was particularly interested to learn from Mr. Smith's telegram 419 May 15 that the Government of the UAR are now conducting a review of their policy towards the UK and feels it important that at this time every effort should be made to dispel any misunderstandings they may be entertaining about UK actions and policies. In view of Mr. Smith's telegram 428 May 19,† the Foreign Secretary is encouraged to hope that the Canadian Government may be willing to continue their valuable exchanges with the UAR Government on this subject and feels that it would be very helpful if the suggestion could be made to Mr. Smith that he might take a suitable opportunity of pursuing the matter with the Egyptian Government. He would not repeat not wish to suggest that the Canadian Government should transmit any further message from the UK Government. But it would be useful if the Egyptian Government could be reassured on their apparent misconceptions of UK policy, and, if the Canadian Government agree, we should like to suggest that Mr. Smith might speak to President Nasser or to other suitable Egyptians on the following lines:

"The Canadian Government had been very interested in the exchanges between President Nasser and Mr. Smith on the subject of UK/UAR relations and had naturally made enquiries of London on a number of points. In response they had received categorical denials that the UK were trying by recruiting agents in Syria or otherwise to disturb the minorities there; or that the UK had special radio stations concerned with attacking President Nasser and his Government. There had been rumours, some of which had appeared in the Press, that the UK were backing King Hussein in some movement to overthrow the Iraqi Government and also to act in a hostile manner to President Nasser. The Canadian Government had enquired of London about this and again had been told that there was no repeat no truth in any of this. On the contrary the policy of the UK Government was to assist, as far as they properly could, a rapprochement between all the various Arab states generally and especially with a view to preventing the spread of communism."

"If the Canadian Government would feel able to make such an approach the UK Government would be most grateful."

2. We should be grateful if, during the exchanges you expect to have on this subject with the UAR authorities, you would endeavour to meet the Foreign Secretary's request.

369. DEA/12653-Y-40

Le haut-commissaire du Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner of United Kingdom
to Under-Secretary of State for External Affairs

SECRET [Ottawa], June 11, 1959

Dear Mr. Robertson,

You will know from my letter of the 13th May how grateful London are for your Government's efforts in recent months to contribute to the establishment of more normal relations between the United Kingdom and the U.A.R. and not least for the efforts of Mr. Smith in Cairo who, if I may quote from a message we have just received from London, has conducted a difficult and vital role with great skill.

I have been asked by Mr. Selwyn Lloyd to let you know that he has watched with admiration Mr. Smith's recent handling of the issue of arms for Iraq and his subsequent discussion with President Nasser on U.K./U.A.R. relations. The Foreign Secretary wishes to convey to your Government his warm thanks for the part they are playing in this matter.[412]

Yours sincerely,

J.J.S. GARNER

370. DEA/50134-40

Note

Memorandum

SECRET [Ottawa, June, 1959?]

RECENT DEVELOPMENTS IN SOVIET POLICY TOWARDS THE MIDDLE EAST

(a) *Reasons for Canadian Concern*

One of the major causes for concern in the Middle East in the last six months has been the extent and rapidity with which the communists appear to have consolidated their position in Iraq since the revolution of July 14, 1958. This communist consolidation is of concern to Canada, as it is to other Western countries, primarily because of the serious implications of a communist-dominated Iraq for the free world as a whole. Moreover, as result of developments in Iraq, two of Canada's major allies, the United Kingdom and the United States, have been faced with particularly difficult decisions not only with regard to each other's Middle East policies, but also with regard to their relations with other countries in the area. In this latter connection Canada has been able, through its mission in Cairo, to play a role which the United Kingdom Government has recognized as being most valuable in explaining to the UAR authorities the United Kingdom's decision to meet Prime Minister Qasim's request for a substantial order of heavy arms. In reaching this decision the United Kingdom Government was guided both by a wish to maintain good bilateral relations with the present Iraqi régime in

[412] La reprise des relations diplomatiques entre la RAU et le Royaume-Uni fut annoncée le 1er décembre 1959.
The resumption of diplomatic relations between the UAR and the UK was announced on December 1, 1959.

order to safeguard its important economic interests in Iraq and the Persian Gulf; and by a belief that an affirmative United Kingdom reply might prevent Prime Minister Qasim and the Iraqi Army from becoming exclusively dependent on communist sources of supply for their arms.

(b) *Implication for the West of Soviet Middle East Policy*

Since the Iraqi revolution Soviet Middle East policy appears to be directed to pursuing simultaneously two main objectives:

(i) to achieve for the communists in Iraq a position from which they, and hence the Soviet Union, could exert a controlling influence on the Government without, however, openly taking it over. This would considerably improve the USSR bargaining position vis-à-vis the West by enabling it to threaten to deny Iraqi oil to the West, to undermine the United Kingdom position in the Persian Gulf and to subject two Western allies, Turkey and Iran, to heavy communist pressure on two fronts. In addition it would enable the USSR to set Iraq up as a show-case and a base for "liberated Arab nationalism." This in turn would serve the twofold purpose of keeping the Arab world divided (and hence more amenable to Soviet influence) and providing a rival centre of Arab nationalism which, by forcing the UAR to compete with it, would tend to prevent that country from reaching an accommodation with the West.

(ii) At the same time the Soviet Union is seeking to minimize the damage its Iraqi policy is causing to its relations with the Afro-Asian world. Because of this the Soviet Union will no doubt seek to avoid, if at all possible, an open communist take-over in Iraq which would run the danger of not only provoking a sharp Western reaction but also of undoing, at one stroke, most of the goodwill the USSR has built up in Afro-Asian countries by means of diplomatic support and economic and technical assistance programmes. An open communist take-over in Iraq would also face the USSR with a major problem in marketing Iraqi oil, a commodity of which the USSR already has a surplus.

In order to avoid casting any reflection on its claim that its aid is "unconditional" and to maintain as normal relations as possible with the UAR, Soviet leaders have made a point of stating publicly that the UAR's anti-communist campaign will not affect Soviet aid to that country. However, because present Soviet policy in the Middle East runs directly counter to Arab nationalism's basic urge towards unity and neutralism, and because a communist-dominated Iraq would represent a major threat to the security of the UAR, and particularly Syria, the UAR is bound to regard Soviet policy in the Middle West as fundamentally opposed to its own interests.

(e) *Future Outlook in Iraq*

Until about a month ago it was difficult to find in the Iraqi situation any real evidence which would lead one to hope that Prime Minister Qasim was either willing or capable of taking steps to stem the consolidation of communist influence in Iraq. Within the last month, however, there have been some indications that he has come to realize the threat posed to his own position by his becoming unduly dependent on communist support. Early in May he sent a message to President Nasser pointing out that he would be better able to resist communist pressure on him if the UAR ceased its attacks on his régime. President Nasser has not only granted him this assurance but has added that the UAR would give whatever help it could if Qasim should move against the communists and require UAR help. If Qasim should, therefore, take effective steps to curb the Iraqi communists, there is some prospect that Iraq may end its present isolation from the rest of the Arab World and that Qasim may be able to enlist the support of Arab nationalists in Iraq to check the growing power of the communists. On the other hand, even though Qasim's approach to Nasser and the increasingly firm line he has recently been taking with regard to Communist demands does seem to indicate that he wishes to check the growth of communist influence, it is not certain that he still has the power to do so. The fact that the Iraqi

communists have decided not to press for the time being their demands for official recognition of political parties and for representation of the Iraqi Communist Party in the cabinet does not, for example, necessarily mean that the communists are not already able to overthrow Qasim. It may merely mean that, faced with the alternatives of not pressing their demands or of overthrowing Qasim, they decided, for the reasons outlined in (ii) above, that the former alternative suited their interests best, particularly since it has not precluded them from continuing to organize their own popular support.

371. DEA/50351-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 568 Cairo, July 6, 1959

TOP SECRET. PRIORITY.
Reference: My Tel 551 Jun 30.†
Repeat London, Washington, NATO Paris, Permis New York from London (Information).

IRAQ

I had an hour's talk with Kamal Rifaat, UAR Minister of State (thought to be in charge of undercover activities in domestic and inter-Arab affairs), in his office Thursday afternoon, chiefly about Iraq. Rifaat took considerable drawing out, but seemed willing enough to answer questions. Following is a summary of what he told me about Iraq.

2. In response to Nasser's message of seven weeks ago Qasim had let it be known that he would if necessary ask for UAR assistance against communists. But he was cool. He had made it clear that his policy would be an independent one and that he had no repeat no intention of joining in any form of union with UAR. During past six weeks Qasim had in fact taken a number of measures to stand up to communists and to reduce their strength. He was watching them carefully. The communists had also become deeply suspicious of Qasim. Rifaat thought it possible though by no repeat no means certain that either Qasim or communists might try to precipitate a showdown before July 14, at it, or immediately thereafter.

3. I told Rifaat that in these circumstances I found it hard to understand why there was now again criticism in Cairo Press, and presumably on Cairo radio, of the régime in Iraq and of Qasim himself. It seemed to me that UAR's policy of last seven weeks of avoiding criticism of Qasim had proved itself very wise and was producing precisely the results desired. Now that the situation between Qasim and the communists seemed to be nearing the point of show-down, a switch in Cairo's policy seemed particularly strange. The Minister said quite justly that the present restrained criticism was nothing like that of March and April. But he admitted that it was significant, and in reply to questions said that "Arab nationalists" (that is pan-Arabists, chiefly Baathists) in Iraq were feeling stronger now, so that the struggle was not repeat not merely between Qasim and communists, but between three repeat three forces. Communists were already much weakened by the fact that many opportunists, who had supported them until Qasim turned against them, had now fallen away since they sensed that communists would not repeat not win after all. This meant that the "nationalists" thought the time might be ripe for them to assert themselves once more. Qasim had released a number of nationalists from prison.

4. I said I thought that in view of the danger of communism the Arab nationalists in Iraq would be wise to cooperate with Qasim, just as Nasser had offered to do. Kamal Rifaat said the nationalists could not repeat not forgive what Qasim had done to them last autumn and winter. He told me that Arabs insist on vengeance, and referred to cases in Upper Egypt of murders to right wrongs done 20 years ago, to illustrate his point that the desire for revenge is fundamental to the Arab character. Kamal Rifaat seemed ready personally to agree with my observation that constructive politics called for common-sense and at least some readiness to forgive sins, but he said that "Arab nationalists in that part of the world are fanatics." He gave me to understand that the nationalists themselves might try to precipitate things by one means or another in Baghdad, sometime during next month or two, and quite conceivably even before July 14.

5. I told Rifaat that I found this disturbing and asked him whether he did not repeat not think such nationalist action might again tend to strengthen the position of the communists. Rifaat agreed that this might be so, but seemed to be disclaiming responsibility for what Iraqi pan-Arabists might do, while expecting them to attempt to act against both Qasim and the communists at once. I asked him why in these circumstances Cairo press was departing from its previous policy of avoiding criticism of Qasim, and asked Rifaat whether he really thought it wise for Cairo to appear to be encouraging such nationalist ideas. Rifaat said that UAR leaders would find it very hard to dissociate themselves from the views and aspirations of Arab nationalists in Iraq and elsewhere.

6. Since Rifaat seemed quite ready to acknowledge the danger and possible unwisdom of all this, I asked him whether he was implying that the Baathists and Baathisant members of UAR Government were trying to push Cairo into a revival of anti-Qasim propaganda, and of encouragement of anti-Qasim activity by Samarrai. Rifaat did not repeat not deny this, and gave me the impression that this was in fact the case. On the other hand he did not repeat not give me the impression that he himself, or therefore presumably his agents, were keen on such Iraqi nationalist activity or were themselves instigating or participating in it.

7. On the contrary, Kamal Rifaat admitted to me that it was very satisfying to see the direction in which Qasim's policy was evolving, and that it now seemed likely that Qasim would be prepared to cooperate with other Arab states within the framework of Arab league. For example he had accepted the invitation for the inter-governmental conference proposed by Arab League.

8. Under the circumstances I found some of Kamal Rifaat's remarks rather disturbing, and while making it clear that I was speaking purely personally, I told him so. I said that the trend toward communism in Iraq still seemed to me the main danger to the Arab world. If the communists really got control in Iraq they would be extremely difficult to dislodge and would surely constitute a threat also to Syria and Jordan, and therefore to the UAR régime itself. This was Nasser's analysis of two months ago, and still seemed sound to me. It would be foolish to conclude prematurely that the communist danger had ceased to exist. Communists played for keeps. Could not repeat not relations between Qasim and UAR be left to evolve gradually within Arab League framework? I suggested that Cairo press support of anti-Qasim activity by pan-Arabists in Iraq, before the Iraqi communists were decisively defeated, might well cause Qasim to swing once more toward at least a dangerous softness toward communists.

9. Rifaat seemed personally inclined to agree with my observations about these dangers. But he also repeated that Cairo could not repeat not easily afford to ignore pan-Arab views. He seemed to imply that UAR Government might not repeat not be by any means entirely master of the situation, and that Iraqi pan-Arab tail might, with some Syrian assistance, tend at least to some extend to wag the Cairo dog.

ARNOLD SMITH

372. DEA/9200-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 618 Cairo, July 28, 1959

SECRET. DEFERRED.
Reference: Your Tel ME-158 Jul 8.†

CANADIAN-IRAQI RELATIONS

During my recent visit to Baghdad[413] several Iraqi leaders and a number of diplomatic representatives of friendly countries expressed to me the hope that Canada would initiate diplomatic relations with Iraq. In this telegram I am summarizing main points made to me, and at the end making a few comments of my own.

2. I had a long talk with Iraqi Foreign Minister Hashem Jawad on July 11. Most of this was devoted to internal situation in Iraq, to inter-Arab relations, to Iraq's attitude to the Arab League and UN, and foreign policy in general. There was also some discussion about UAR. I shall be reporting separately on all this. However, toward the end of the meeting Jawad raised the question of Iraqi-Canadian relations, stating that Iraqis admired the role Canada has been playing in Mideast affairs through the UN and otherwise, and saying that he had hoped that ere now Canada would have had a diplomatic mission accredited to Iraq. In accordance with instructions in your reference telegram I referred to the PM's statement of May 22 in House of Commons on this question. (I did not repeat not learn of the Minister's statement in the House on July 9 until after my return to Cairo). I said that while the government would undoubtedly like to have closer relations with Iraq, we were very short of diplomatic personnel in relation to various demands made on our service. Jawad said he could appreciate this, since his ministry also was seriously short both of personnel and of budgetary resources. Indeed, Jawad said that he would not repeat not for the time being be able to reciprocate by opening a mission in Ottawa, though he hoped Canada would be able and willing to open a resident mission in Baghdad. He pointed out that Canada was a much larger country, with vastly greater resources both in educated personnel and finance, and that Canada was also much older as a state than Iraq, to say nothing of the new Iraqi republic. Jawad suggested that if Canada could not repeat not have a resident ambassador at once, you might be willing to ac-credit me as ambassador to Baghdad concurrently with Cairo. Such accreditation he suggested would be useful with or even without a resident chargé, and he added that if we could not repeat not accredit an ambassador right away, then he hoped I would visit Baghdad at least two or three times a year for periods of a week or two. Jawad said he thought such visits could be very useful to both sides. I said that I welcomed the present opportunity to visit Baghdad, but I pointed out that if the government should decide to accredit to Baghdad one of the Canadian representatives in the region, it might be our ambassador in Beirut, Tehran or Ankara. Jawad said he would welcome any Canadian ambassador. Among the non-resident Heads of Missions accredited to Baghdad some resided in Cairo, some in Tehran, some in Beirut, and at least one (Norwegian) in Ankara.

[413] Pour assister aux cérémonies du premier anniversaire de la révolution iraquienne, le 14 juillet 1958.
To attend the celebrations marking the first anniversary of the Iraqi revolution of July 14, 1958.

3. This conversation with Jawad was inconclusive and informal. It would I think be wrong to interpret it as in any sense an official Iraqi proposal. Iraq has of course already taken an initiative in inviting Canada to send a delegate to anniversary celebrations. But Jawad and his whole ministry had been under sustained and considerable attack from communists in Iraq for being too pro-Western, and if government should decide to accredit someone to Baghad the initiative would I think have to be Canadian. I gave the Foreign Minister no repeat no reason to think that Canada would necessarily take any action in this matter at present, though I said I would report his remarks to you.

4. Towards the end of my ten days stay in Baghdad I had a long talk with Hadid, Minister of Finance and who also became Minister of Economic Affairs in July 16 Cabinet reorganization. Hadid is the effective leader of National Democratic Party, and widely regarded as the most important anti-communist politician in Cabinet (counting Qasim as a neutral). We had a long talk, chiefly about domestic and inter-Arab affairs, but Hadid also raised with me the question of a Canadian diplomatic mission, and made it quite clear that in his judgment the establishment of such a mission in Baghdad could be of real assistance in struggle to keep Iraq from falling into the communist bloc. He spoke of Canada's high reputation in Mideast as a country with independence of view, objectivity, and goodwill, without any local drawbacks arising from history or particular vested interests, and said that with the right man as our representative Canadian influence in Iraq during the crucial formative period ahead could be considerable.

5. Much the same points were made to me next day by General Abdi, Military Governor of Iraq and Acting Chief of General Staff, with whom I had an interesting hour's conversation on Sunday July 19. General Abdi is, I gathered from USA and other diplomats in Baghdad, regarded as the strongest and most important anti-communist personality at present in a key position in the country. It is Abdi who is gradually bringing the police and armed forces under effective non-communist control and eliminating communists from key positions, and it is thought that in the not repeat not impossible event that Prime Minister Qasim should be assassinated, Abdi would be the man best able to restore order and to succeed. Be this as it may, General Abdi made it quite clear, pointing out that he was speaking personally, that he hoped Canada would accredit an ambassador to Baghdad as soon as possible, and open a resident mission as soon thereafter as we could. He said he thought this could definitely help those Iraqi leaders who wished Iraq to become a neutral buffer "like India" between the communist bloc and the West.

6. I should also report that Yustafah Kamil Yasseem, Director General of the Political Department of Foreign Ministry, expressed the hope to me that Canada and Iraq would enter into diplomatic relations.

7. During my stay in Baghdad I paid calls on the Ambassadors of UK, USA, India, Pakistan, and Yugoslavia, and had opportunity of thorough discussions on the Iraq situation with them. Each one of them raised with me question of Canadian-Iraqi diplomatic relations, and urged that Canada should do something about this as soon as possible. Each one of these ambassadors made the point that a Canadian representative could in certain circumstances get effectively across to Iraqi leaders certain points which USA and UK representatives could not repeat not do because of the suspicion with which their countries are inevitably regarded. Yugoslav Ambassador, an Arab speaking Muslim, who struck me incidentally as an extremely intelligent and well-informed man, certainly seemed anxious that Iraq should not repeat not come under Soviet bloc control, but should succeed in establishing a position of independent neutrality. He said that Canada could play an important part in helping Iraq to achieve this, since (he said) "although a member of NATO" Canada was regarded as "fair, independent and genuinely working for international goodwill and peace," as well as being "well-informed and

experienced," and "Iraqis would therefore be more ready to trust Canadian advice than that of most Western countries." Indian Ambassador made rather similar points to me, adding that "as independent members of the Commonwealth" (meaning presumably members who did not repeat not belong to the Baghdad Pact) Canada and India could help each other and had much to teach Iraq.

8. I did not repeat not encourage any of the diplomatic representatives with whom I spoke to think that Canada would be other than reluctant to extend our diplomatic commitments, since our small diplomatic service is already rather thinly spread, and the Mideast is after all relatively distant from specific Canadian interests. I told the ambassadors, since they all asked me, that I was not repeat not making any proposals to Iraqi Government about diplomatic relations. I conceded however that the question would probably be given some consideration in Ottawa. They all urged that since situation in Iraq was likely to be critical during coming months, and since Canada has the possibility of making a contribution to influencing it, we should do so.

9. Sir Humphrey Trevelyan, to whom (in amplification of the Prime Minister's statement of May 22) I had mentioned Tunisia and Morocco as examples of other countries which had to be considered in relation to possible extension of Canadian diplomatic representation, took the line that in his judgment situation in Iraq was incomparably more critical, and the general international importance of Iraq incomparably greater, than any other part of the world where Canada is not repeat not represented (except Peking). In Trevelyan's view Canada should, in the general Western interest, get a resident ambassador in Baghdad with the minimum of delay: and if this was likely to take several months, then in the meantime Canada should accredit to Iraq some Canadian already resident in the region.

10. Pakistan Ambassador Bokhari made the point that although Canada might consider her most immediate obligations for defence against communism to lie in Europe, nevertheless Iraq and the Persian Gulf area were of crucial importance to Canada's closest friends, and to the bastions of the free world both in Western Europe and in Asia, and since cold war was being waged on a global scale, Canada really should, in the general interest, make its contribution to preserving non-communist influence in Baghdad.

11. I report these points from conversations because they were made to me very forcefully. I must also, although rather regretfully, admit that they seem to me to carry conviction.

12. For a variety of reasons a Canadian representative is, in my opinion, able to exercise at times and on certain questions a significant and in a sense a disproportionate amount of influence in Arab world, and though the influence should naturally not repeat not be exaggerated, nevertheless in present cold war situation it is one of the free world's assets which it would I think be irresponsible not repeat not to recognize and when appropriate to use. I think a Canadian representative would be well received in Baghdad, and could play a useful role. Canada has already, through the UN and otherwise, invested a considerable effort in Mideast affairs, and I think that a mission in Baghdad, which is after all one of the most important capitals in Arab world, would undoubtedly serve to enhance Canadian influence not repeat not only in Iraq itself but also in other regions, just as our representation elsewhere could help the effectiveness of our potential influence in Baghdad.

13. I suppose that establishment of a full-fledged embassy in Baghdad might cost something of the order of two hundred thousand dollars annually. In my opinion there are probably few other ways in which so much contribution to the defence of free world could be made for a comparable sum, which is after all small when thought of in defence terms, even though large by other standards.

14. I should also mention trade possibilities. Iraq has a substantial foreign currency revenue through oil, and there is every reason to believe that this revenue will increase. Iraq is also undertaking important economic development programmes. In the present revolutionary situation it is I think arguable that both commercially and politically the fact that Canada has not repeat not had much past connection with previous régime could become an advantage. There are I would guess significant, though limited, commercial possibilities the development of which could be materially assisted by a Canadian mission on the spot. In this connection I might mention that during the course of the lunch which I had with one of the Scandinavian Chargé d'Affaires, the Danish Ambassador (who is resident in Cairo but who has a chargé resident in Baghdad) told me that the trade which his country has developed in Iraq during past year through having a mission on the spot has in his government's judgment much more than paid for expenses of the mission. Swiss and Norwegian representatives also spoke to me about trade possibilities.

15. For a variety of reasons, therefore, my recommendation is that Canada should accredit an ambassador to Baghdad as soon as possible: I assume that this would mean for the time being dual accreditation of one of the representatives already resident elsewhere in Mideast. (For reasons of workload I trust this would not repeat not be Cairo.) I would recommend that the Government should consider following this accreditation as soon as practicable (which I presume would mean at best some time next winter) with a resident mission.

16. On the other hand I do want to emphasize that I make this recommendation only reluctantly. Although Baghdad would be a very interesting and politically important post, and although most of the Iraqis that I met were extremely friendly, and seem to be pleasantly free of many of the complexes of some other Arabs, nevertheless I should state frankly that from other points of view Baghdad would be singularly unattractive as a place to be posted. Despite its storied past Baghdad is the dreariest looking and most unprepossessing capital city I have ever seen. The climate during summer months must also be considered — during my ten days in Baghdad (and I am told this is typical) it was constantly, during the daytime, about 120 degrees in the shade, but there was very little shade. It would I think be necessary for reasons of health, humanity and efficiency that allowances for all Canadian personnel stationed in Baghdad should be such that wives and children could afford to spend summer months elsewhere, and that the husbands and single personnel could also afford to get well away for a suitable period.

ARNOLD SMITH

373. DEA/9200-40

Extrait d'un télégramme du secrétaire d'État aux Affaires extérieures au représentant permanent auprès du Conseil de l'Atlantique Nord

Extract from Telegram from Secretary of State for External Affairs to Permanent Representative to North Atlantic Council

TELEGRAM ME-247 Ottawa, October 20, 1959

SECRET. OPIMMEDIATE.
Reference: Cairo Tel 922 Oct 15.†
Repeat London, Washington, Candel New York, Paris, Rome, Cairo (Deferred) (Information).
By Bag Ankara, Athens, Beirut, Tel Aviv, Tehran from London.

MEETING OF MIDEAST EXPERTS

Following for Arnold Smith.

We do not repeat not propose to give you any detailed guidance for the meeting of Middle East experts but you may find the following comments useful.

. . .

4. *Iraq*. The course of events in Iraq over the last year casts serious doubts on whether the cause of stability in that country or in the Middle East as a whole, or that of limiting Soviet penetration in the area, are best served by the UK and Turkish policies of support for Qasim and his "policy." Qasim's only discernible "policy" is that of maintaining himself in power by balancing the communists off against the nationalists while relying on the support of the army as a last resort. Because of this, support for Qasim and his "policy" as well as attempts to get him to steer a "middle course" involve supporting him in his moves against both the communists and the anti-communists. These moves not repeat not only arouse increasingly violent hostility of both the communists and the anti-communists, but also alienate moderate opinion. The net result is that Iraq is becoming progressively more unstable and if present trends continue there is a very real risk that the communists may in fact be able to secure a controlling position in that country. We would hope therefore that the experts' paper would not repeat not overlook the possibility that Western interests might be better served by the emergence in Baghdad of someone or some group pursuing a positive policy aimed at consolidating all non-communist opinion in Iraq. Perhaps at this stage the only likely way for this to happen would be the transfer of at least a substantial degree of power to a group of senior revolutionary officers. It is perhaps doubtful whether Qasim, bent on continuing his sole leadership, would ever agree to dispense with the weapon communist support gives him in maintaining himself in power, but there are in Iraq a number of leading personalities, e.g. General Abdi, who might be prepared to adopt a policy which would not repeat not depend on communist support.

[N.A.] ROBERTSON

374. DEA/9200-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 3228 London, October 22, 1959

SECRET. OPIMMEDIATE.
Reference: Your Tel ME-247 Oct 20.

MEETING OF MIDEAST EXPERTS IN PARIS

You will recall that last fall and winter the Foreign Office took the view that Kassim was trying to balance himself on three groups. One of these groups was the communists, another was the pan-Arab nationalists and the third was the group which the Foreign Office considered to be the largest but the least well organized and the least articulate, namely those who might best be classified as Iraqi nationalists, people who did not repeat not want Iraq to be communist and at the same time did not repeat not want to see Iraq become part of some state or federation dominated by Egypt. During the period, when we were seeking to explore UK policy towards Iraq, we discovered that there was no repeat no great positive enthusiasm for Kassim himself but the Foreign Office assessment was that Kassim represented the least unpleasant possibility for the government of Iraq which was then in sight. Some time early in the spring the Foreign Office began to speak of government on the principles originally enunciated by Kassim as being the least unpleasant possibility in sight, but this was explained as being merely a more precise statement of the earlier idea.

2. By early summer it became possible to detect a difference in the tone of the telegrams coming from Sir Humphrey Trevelyan in Baghdad. His tone suggested increasing doubt about Kassim's ability to preserve Iraq from sliding either into communist hands or into chaos. This change in tone appears to have been accepted in the Foreign Office and we think has come to be increasingly influential in assessments of the situation in Iraq. There is in summary, we think, less of a feeling of satisfaction (this word is used only in a relative sense for lack of a better one; there has never really been any genuine feeling of satisfaction) with Kassim but we understand from our investigations in the Eastern Department of the Foreign Office that there is still not repeat not much modification in the British position.

3. The Foreign Office assessment of Iraq, circulated as a guidance telegram on October 2, came to the following conclusion. "So long as the communists continue to play their waiting game and the anti-communists remain demoralised and divided among themselves, Iraq may expect to enjoy a kind of negative stability, although there is much talk of plots and Kassim is, of course, always vulnerable to the act of some fanatic. If something should upset the present uneasy equilibrium the communists seem best placed to take advantage of the chaos which would probably result, if they decide to do so. Meanwhile our own policy towards Kassim and Iraq must remain unchanged. For all his faults he and his policy continue to look less inconsistent with our interests than the foreseeable alternatives. So long as this remains true we must continue to do business with him and to try to encourage him to adhere to a middle course, both at home and abroad. We do not repeat not however delude ourselves into rating very highly his chances of succeeding in following such a policy indefinitely."

4. We were told this morning that the Foreign Office still adheres to this summation with one exception. The exception is that the Eastern Department thinks that the attempt on Kassim's life[414] showed the possibility of a development which had not repeat not been anticipated previously. When Kassim was admitted to hospital there was a prompt and efficient transfer of effective power from Kassim to Abdi, Rubai and Hashim Jawad. The Eastern Department therefore thinks that there is a possibility that the assassination of Kassim at some time in the future might lead to the transfer of power to some successor group, such as the one mentioned above, which would carry out Kassim's basic policy but possibly carry it out more efficiently and, from a Western point of view, more agreeably. But transfer in these conditions would be possible only if the act of assassination were sudden and as limited as the attempt this month was limited. An attempt at a more widespread coup d'état would be likely to lead to precisely that state of civil war which the Foreign Office considers to be the worst outcome of all entailing prolonged civil dissension and probably at some stage anti-foreign demonstrations which would present at least UK, and possibly other Western countries too, with the problem of whether to use force to protect their nationals.

5. The Eastern Department qualified this limited optimism by pointing out that the most recent reports from Baghdad stated that Abdi and Rubai had been "frozen." The Eastern Department was not repeat not absolutely sure what this expression meant but it did look as though Abdi and Rubai might not be able to perform a similar role another time. There was no repeat no certainty whether this freezing of Abdi and Rubai was related to current rumours of further plots or whether it was the natural act of the "sole leader" to remove any possible rivals precisely because the takeover of authority had been so efficient the last time.

6. Bearing in mind your instructions to the Canadian representative on the meeting of Mideast experts in Paris, we asked whether it was true that the present policy did not repeat not inevitably accept a gradual decline towards increased communist influence. Le Quesne of the Eastern Department said that unfortunately this was ultimately true but that past experience demonstrated fully that attempts to interfere from outside, far from decreasing communist strength, merely accelerated its growth by undermining the position of the nationalists. While therefore the present decline towards communism was undeniable and undesirable, Le Quesne could not repeat not suggest any method by which the process could be arrested by action from outside. He said that he would welcome ideas from anybody else as to how the decline might be arrested.

7. Naturally we have very much in mind in this office British interests in Iraqi oil, and in both the oil and the investments of Kuwait. We would hope therefore that the instructions in your reference telegram would be intended to ensure that in considering alternative possibilities full account will be taken of these UK interests.

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[414] Ce qui eut lieu le 7 octobre 1959./This took place on October 7, 1959.

375. DEA/9200-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni
et au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to High Commissioner in United Kingdom
and to Permanent Representative to North Atlantic Council

TELEGRAM ME-261 Ottawa, November 14, 1959

SECRET. PRIORITY.

Reference: London's Tel 3228 October 22.
Repeat Washington, Paris, Permis New York (Priority), Cairo (Deferred) (Information).
By Bag Ankara, Beirut, Tel Aviv, Tehran.

IRAQ

London. Thank you for the useful review of U.K. policy towards Iraq contained in your reference telegram. With regard to your paragraph 7, we have naturally had U.K. interests in Iraq and the Persian Gulf very much in mind in drafting papers on Iraq. Any suggestions we have made have been prompted by our doubts whether recent Western policies would safeguard Western, and particularly U.K., interests in the area and by our wish to encourage the adoption of policies which would be likely to achieve this aim.

2. A continuation of the present trend of events in Iraq is likely to lead to progressively more unstable conditions with the very real risk that the communists will consolidate their position sufficiently to control the country. Events have demonstrated that Qasim's basic aim has been to maintain himself in power as "sole leader" by trying to balance the major political forces in the country off against each other. Whenever any political group has shown signs of becoming significantly stronger than their opponents, and hence of becoming a potential threat to his "sole leadership," Qasim has moved to curtail their power. He has been careful, however, never to reduce the power of any one group to such an extent that he could not use that group effectively against their opponents when next the pendulum swings in the opposite direction. This precludes Qasim from taking really effective measures to curb the power of the communists and from adopting a program designed to appeal to a wide spectrum of non-communist opinion, much of which is becoming increasingly concerned at the growing strength of the communists.

3. In effecting his balancing acts, Qasim has relied essentially on three forces: the enemies of the group he is moving against, his own personal popularity and, as a last resort, the army. There is increasingly strong evidence, however, that owing to changes which have been taking place in the balance of forces in Iraq, Qasim's system will become progressively less likely to work. Qasim has failed to develop a political organization personally loyal to him or to adopt a meaningful program and has no really significant achievements to which he can point after both a revolution and 15 months in power. As a result, the initiative has gradually slipped from him. Moreover, the manipulation of political groupings has become very much more difficult because the continuing tension between the U.A.R. and Iraqi governments (which is reflected internally in Iraq) and the series of unfortunate moves taken by Qasim in September culminating in the execution of Brigadier Tabaqchali and twelve other anti-communist officers have widened the gulf between the anti-communists and the communists, increased their bitterness against each other and hardened their respective positions. Qasim has also alienated

much of his support among moderate opinion and in the army and the question therefore arises whether he retains sufficient independent means of curbing the rival factions to maintain control of the situation. In this connection it may be significant that over a month after the attempt on Qasim's life the political affiliations of those arrested for responsibility for the assassination attempt have not yet been officially revealed. This may indicate a concern by Qasim that should he attribute responsibility for the assassination attempt to either the communists or the anti-communists (e.g. the pan-Arab nationalists) this would be exploited by their enemies and that he may no longer have the personal support necessary to maintain control of the resulting situation. The immediate danger, in the continued absence of a decision one way or the other, is that if either the communists or the anti-communists come to believe that Qasim is no longer in a position to maintain a balance between them and that the present precarious situation is unlikely to last, they will be tempted to try to gain the upper hand and eliminate their opponents lest the latter seize power first. The present struggle for power between Mahdawi and Abdi would appear to be based very much on this kind of calculation.

4. In essence, therefore, Qasim may have reached the stage where, in order to remain in power, he has to choose between one side or the other. However, for the reasons outlined in paragraph 2 it appears unlikely that Qasim would ever be prepared to dispense with the weapon he no doubt believes communist support gives him in maintaining in power or indeed that at this stage he could rally non-communist support for a régime based exclusively on his sole leadership. For the reasons outlined in paragraph 3, it is equally unlikely that Qasim can recover the support of any potentially neutral element such as the army to hold the ring for him while he continues to balance the communists and anti-communists. The only hope of arresting the present dangerous trend in Iraq would therefore appear to lie in the assumption of power by a group who would be prepared to adopt a positive policy designed to unite non-communist opinion in Iraq behind it. This might take the form envisaged by the Foreign Office as reported in paragraph 4 of your reference telegram, with or without some parallel move for the sharing of power by a revolutionary council of senior officers. Because the non-communist political groups are at present badly divided and not as well organized as the Communist Party, such a non-communist government would initially at least probably have to rely essentially on the army. However, regardless of whether such a military régime came to replace that of Qasim, it is obviously desirable that everything possible be done to overcome the present disunity among the non-communists. This would seem to require some adjustment of attitudes towards the U.A.R. which would appear to be one of the main issues which divide the non-communists. In this connection, particular difficulty would appear to be the deeply held anti-U.A.R. feelings of the leading members of the National Democratic Party which have been reflected not only in recent UK papers we have seen but also in the discussions Mr. Arnold Smith had with them when he visited Baghdad in July.

5. We note from your reference telegram that Le Quesne of the Foreign Office has invited suggestions on how the deterioration in the Iraqi situation might be arrested and we think therefore it might be useful to discuss the above assessment with the Foreign Office. You might also point out that while we fully realize that the ability of outsiders to influence the internal Iraqi situation in a favourable direction is fairly restricted, we wonder whether it might not be useful for the U.K. Ambassador in Baghdad during one of his fairly frequent discussions with leading N.D.P. ministers to urge them to try to bring about greater unity among the non-communist forces in Iraq. While this would involve some readjustment of their policy towards the U.A.R. in the long run such a course would seem to be the surest discernible way of preventing communist control of Iraq. In this connection, we note from your telegram 4081 of November 11† that during Sir Humphrey Trevelyan's talk with Hashim Jawad the discussion still centred on the need for "a new firm middle policy" which we gather is one which would be

half way between the communists and the pan-Arab nationalists. While we appreciate the desirability of encouraging those close to Qasim to adopt a course designed to curb communist influence, we wonder whether the answer really lies in a "middle policy" half way between the communists and the pan-Arab nationalists. Such a policy may have short-term attractions for the N.D.P. who, being the only group which is prepared to cooperate with Qasim in such a policy, are given many more Cabinet portfolios than they could expect to receive if these were distributed according to popular support. However, in view of the increasing polarization between the nationalists and the communists it seems very doubtful whether such a policy will save the N.D.P. from being overwhelmed from one side or the other. It would therefore seem to be in their own long term interests to try to make common cause with the other non-communists in order to restore stability in Iraq.

6. *NATO Paris.* You might wish to discuss the above assessment privately with your U.K. colleague with a view to encouraging the U.K. to discuss its policy towards Iraq fully in the NATO forum. Such a discussion, which might perhaps take place in connection with the consideration of the NATO experts' paper on November 17, might encourage a rethinking of U.K. policy towards Iraq in the light of the dangerous trends which have been taking shape in that country.

376. DEA/9200-40

Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures

High Commissioner in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 4145 London, November 17, 1959

SECRET

Reference: Your Tel ME-261 Nov 14.
Repeat NATO Paris, Washington, Paris, Permis New York, Cairo (Deferred) (Information).
By Bag Ankara, Beirut, Tel Aviv, Tehran from London.

IRAQ

We discussed the ideas contained in your reference telegram with Sir Roger Stevens, Supervising Assistant Under Secretary for Mideastern Affairs, and Hiller, Head of the Eastern Department of the Foreign Office today.

2. Stevens said that in general they did not repeat not really disagree with your analysis of developments in Iraq. He said that they could not repeat not accept every word in it and proceeded to give us some examples. But the fundamental point of Steven's remarks was that he did not repeat not accept the idea that it is a foregone conclusion that Kassim can not repeat not continue to maintain his balance.

3. In your paragraph 4 you said that "it appears unlikely that Kassim would ever be prepared to dispense with the weapon he no repeat no doubt believes communist support gives him in maintaining himself in power." Stevens thought that Kassim might come to realise that this weapons had become less valuable than it appeared when he first took office.[415] He thought that the communists have lost a great deal of their original stature in the public mind. Immediately

[415] Note marginale:/Marginal note:
Perhaps. But question to be answered is "is Q prepared to give it up?" G. R[iddell]

after the revolution the communists were surrounded by glamour as a result of their repression by Nuri Said and the fact that they had so long been forbidden fruit. Much of this glamour had disappeared with closer contact, and the imperfections of the communists had become more apparent.[416] Moreover, the communists had been compelled to adopt a policy of hesitation possibly because of pressure from Moscow. Hiller was somewhat less inclined than Stevens to accept the thesis that Kassim would realise that the communists had declined in value as a weapon. He did, however, agree with Stevens that the communists had lost some of their popular appeal and thought that Kassim would continue his policy of using them but being careful "to continue to keep them from the levers of control." They also thought that keeping a balance in the future may not repeat not require the same degree of reliance on the communists as before;[417] there was, however, a shade of difference in their estimate of Kassim's readiness to realise this.

4. Referring to your statement that "it is equally unlikely that Kassim can recover the support of any potentially neutral element such as the army," Stevens said that he thought that Kassim has suffered some loss of support but that most of this loss was at the hands of sophisticated elements in Iraq. He thought that Kassim's name was probably still one to conjure with among the unsophisticated. He also questioned the use of the word "recover" in this context because he thought that it was not repeat not possible to be sure that Kassim had yet lost the support of the army.[418] In making these comments, Stevens was careful to say that he thought that Kassim had in fact suffered a considerable loss of support or prestige but that he was not repeat not sure whether Kassim realised how extensive this loss was. He mentioned twice today, as he did in our last interview with him, Kassim's penchant for referring to the incident in which some people kissed the bullet holes in his car as evidence of popular support for him. To summarise this part of the discussion, we would say that Sir Roger agrees that Kassim has lost considerable support but that he does not repeat not think that this loss has yet become a determining factor.

5. Stevens said that he thought the key sentence in your analysis was the one containing the clause "it is obviously desirable that everything possible be done to overcome the present disunity among the non communists." He was not repeat not at all convinced that it would be wise to give advice to the National Democratic Party about the course it should try to follow. He said that Sir Humphrey Trevelyan has been able to have a number of frank discussions with NDP leaders but that these discussions have usually been frank in a philosophical context,[419] and in this type of conversation the NDP leaders have been prepared to discuss Kassim's shortcomings and what they think would be the best course to follow. Stevens said that he was not repeat not quoting Sir Humphrey Trevelyan but he thought that he was interpreting Trevelyan's basic attitude when he said that to attempt to do anything more positive than to hold discussions on a philosophical plane would be "counter productive."[420]

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[416] Note marginale :/Marginal note:
Those of Q have become just as apparent so the relative position is no better. [G. Riddell]

[417] Note marginale :/Marginal note:
On contrary, the greater the polarization the more dependent he becomes on them, — unless he is prepared to break with them completely & rely only on non-communists. [G. Riddell]

[418] Note marginale :/Marginal note:
We may have been a little too definite here. [G. Riddell]

[419] Note marginale :/Marginal note:
e.g. T urging Jawad to have Q give "a new clear lead" by laying down "a middle of the road policy!" [G. Riddell]

[420] Note marginale :/Marginal note:
We do not object to the plane, but only to the kind of philosophy T dispenses. [G. Riddell]

6. He went on to say that he was very doubtful about the concept that the National Democratic Party must become pro-Nasserite[421] if it is to get more support, for two reasons. First, he thought that being pro-Nasserite might not repeat not be the way to gain support. He referred to reports coming from the British Embassy in Baghdad last spring analysing the groundswell of anti UAR feeling which was apparent in Iraq at that time. He pointed to the natural causes of this anti UAR feeling based on the problem of the Kurdish minority and of the religious minority of Shiahs. He and Hiller said that there had been no repeat no more recent specific reports on this facet of the problem but that they had no repeat no reason to think that the position had undergone any real alteration. Secondly, the Foreign Office had to consider UK long term interests. These interests could not repeat not be served by UAR domination of Iraq.[422] We would interpret his use of domination in this context to include any form of very close federation or alliance. He did not repeat not think that there was any serious possibility of a close confederation, but it would certainly not repeat not suit British interests to have Iraq and its oil come under UAR domination. There was a hiatus in his statement of the arguments at this point when he said that it would not repeat not be in accordance with UK long term interests to have all Mideastern oil under one management, but it was obvious that he considered that if Iraq were under UAR dominance or strong influence most, if not repeat not all, other Arab oil producing areas would also fall under UAR dominance or strong influence. He reiterated (that it would?) not repeat not be in UK interests to bring about a situation of this sort and went on to say that while perhaps this last was not repeat not the real consideration, he felt that encouraging the National Democratic Party to adopt a pro UAR attitude was going against the times in Iraq. Again he did not repeat not interpret this statement fully to us but we would interpret it ourselves to mean that a pro UAR attitude might have been possible in the early autumn of 1958 but that it is not repeat not possible now.

7. Stevens agreed that unity among the non-communist forces in Iraq was desirable and that it was also desirable that there should be a détente in relations between Iraq and the UAR.[423] He thought that it would be a good thing if plots and counter plots could cease and there could be a cessation of name calling and propaganda. He thought, generally speaking, that the policy the National Democratic Party leaders (we assume he refers to Hashim Jawad's conversation with Trevelyan) wanted to follow was acceptable.[424] The pity was that the NDP does not repeat not have much of a following or much influence. He then went on to say that UK does not repeat not want to meddle[425] in Iraq. He said that the British had burned their fingers too often or that other people had burned them for them. He was clearly indicating to us that we need not repeat not expect any initiative to encourage Trevelyan to speak to Jawad on the lines you had suggested.[426] He concluded by saying that as things now stood it was to be expected that if trouble arose it would arise from inside Iraq rather than outside. This is something about which UK can do little or nothing. It might be that there would be some sudden change in leadership which would be carried out so swiftly that there would be no repeat no bloodshed. The great

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421 Note marginale :/Marginal note:
We never said "pro-Nasserite"; merely no longer strongly anti-U.A.R. [G. Riddell]

422 Note marginale :/Marginal note:
The old bugbear [G. Riddell]

423 Note marginale :/Marginal note:
Good, but rest of telegram indicates they do not accept any of [the] implications of this. [G. Riddell]

424 Note marginale :/Marginal note:
To UK, but apparently it doesn't cut much ice in Iraq. [G. Riddell]

425 Note marginale :/Marginal note:
Has T. been informed? [G. Riddell]

426 Note marginale :/Marginal note:
I had gathered as much from what came before! [G. Riddell]

risk, however, was that any change in leadership would not repeat not take this ideal form but would take the form of civil war leading to a grave risk of intervention by one of Iraq's neighbours such as Jordan, Syria, Iran or Turkey. The British, he said, had done their best to discourage intervention by any of these neighbouring powers but he indicated that the Foreign Office has a lingering fear, particularly of Hussein and to a lesser extent of Syria. On Hussein he told us at our last meeting, when we suggested that Hussein would not repeat not be able to intervene effectively because he was short of petrol and other supplies, that these factors might weigh with most people but not repeat not anybody so impetuous as Hussein. He clearly thought that it would be a very bad example on the part of UK to attempt to interfere in the course of events within Iraq. He said, however, that UK would probably "sigh with relief" if a change could be brought about quickly provided it were not repeat not a change to a communist government.[427]

8. It might be best to sum up with the ideas Stevens used when the interview began. He said that if Kassim comes out of hospital and if there is no repeat no trouble when he comes out and if he has time when he comes out to assess the situation in Iraq, he might find some more effective way of achieving the state of balance on which he has relied in the past. He could not repeat not entirely reject this possibility and that in his view Kassim had not repeat not entirely cut himself off from the possibility of relegating the communists to a comparatively insignificant role in Iraq. In connection with the idea in your paragraph 3 about the significance of his failure to announce who was responsible for the attempted assassination October 7, he said that the result would obviously be unfavourable if Kassim blamed the UAR but that evil results might not repeat not follow if Kassim blamed only the Baathists who appear to be a declining force in any case. We informed Stevens that it was possible that some of the ideas contained in your analysis might be brought up when the Mideast experts paper is discussed in NATO.

[427] Note marginale :/Marginal note:
In their heart of hearts they apparently don't believe Q is there to stay. [G. Riddell]

2e PARTIE/PART 2

REPRISE DES RELATIONS DIPLOMATIQUES ENTRE L'AUSTRALIE ET LA RÉPUBLIQUE ARABE UNIE
RESUMPTION OF DIPLOMATIC RELATIONS BETWEEN AUSTRALIA AND THE UNITED ARAB REPUBLIC

377. DEA/12653-B-40

L'ambassadeur en République arabe unie au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic to Secretary of State for External Affairs

TELEGRAM 132 Cairo, February 24, 1959

SECRET. DEFERRED.

Reference: Your Tel C-83 Feb 11.†
Repeat London from Ottawa (Information).
By Bag Canberra from London.

AUSTRALIA-UAR RELATIONS

1. Thank you for informing me, for my strictly confidential information, of Australian Cabinet's decision on questions outstanding with UAR. In this telegram I am submitting personal comments as requested.

2. I was glad to learn that Australian Cabinet has agreed in principle to envisage resumption of relations with Egypt (UAR). This decision seems to me very wise. Australia has played an important part in Mideast in two world wars, and it is I think desirable that Australia be in a position to play an active part diplomatically in present period of unstable peace.

3. I am somewhat doubtful about wisdom of making resumption of Australian diplomatic relations with UAR completely subject to a condition of not repeat not resuming before UK do so themselves. It may be of course that Australian Cabinet decided this condition would be necessary because of considerations of public opinion in Australia. If so this is of course a question entirely beyond my competence. However, as seen from here there would seem to be advantage from point of view of West as a whole (including that of UK itself) if a resumption of Australian-UAR diplomatic relations could be brought about fairly soon provided satisfactory arrangements could be made on other points.

4. As you know, UK Government is itself most anxious to re-establish diplomatic relations with UAR as soon as possible. Reluctance, pre-conditions and difficulties have all been put up on Egyptian side. It was because of Egyptian unwillingness to accede to UK desire for the re-establishment forthwith of regular diplomatic missions (even though for time being at chargé d'affaires level) that Mr. Selwyn Lloyd agreed to accept as second best the appointment of a UK representative in Cairo with diplomatic immunities and privileges to implement the terms of financial settlement. He will of course need a substantial staff so that there will be in effect a UK mission in Cairo. It is UK hope that Egyptians will in fact allow such a mission gradually but fairly rapidly after its establishment to take over consular and political functions, so that it can be converted as soon as possible in name also into an embassy.

5. Meanwhile UK-UAR financial agreement is not repeat not signed, although prospects now seem fairly good that it may be signed within a few days.[428] I would hope that this would affect Australian position in two ways. It would remove technical difficulty of Qantas spare parts (my telegram 117 February 18)† which has thus far stood in way of UAR repeal of Proclamation 5B. But more fundamentally I would hope that Australian Government might consider a UK-UAR financial settlement and consequent establishment in Cairo of a UK mission with certain diplomatic privileges as meeting their first condition for a resumption of Australian-UAR relations, even though there would not repeat not yet be in full sense a resumption of UK-UAR diplomatic relations. I feel confident that UK itself would greatly value presence here of an Australian diplomatic mission, as would I myself and, I am sure, my non-communist colleagues.

6. On their side Egyptians have shown some signs of intending after signature of financial agreement with UK, to bargain resumption of diplomatic relations with UK against adjustment of UK foreign policy on various questions in Mideast. This as it seems to me, is another instance of tendency (also evidenced in USA policy toward China but generally considered heretical in British and European diplomatic doctrine) of regarding exchange of diplomatic missions as an accolade and almost a reward for pursuing acceptable policies, rather than as a technical instrument to make possible discussion between governments and thus to provide an opportunity of influencing and harmonizing policies of nations concerned. Arabs have of course carried this heretical recognition policy to an inverted extreme in the case of the so-called Provisional Government of Algeria.

7. I mention this to suggest that is not repeat not by any means safe to assume that on question of resuming diplomatic relations all will be clear-sailing on UAR side. As you know, UAR is at present going through an agonizing period of foreign policy re-appraisal, promoted inter alia by Russian policy in Iraq and prospect of large-scale emigration from communist bloc into Israel. There are important tendencies within UAR ruling group favouring a rapprochement with West, but there are also tendencies opposing this and wishing not repeat not to abandon their close co-operation with USSR and China which they feel has proved so useful to them in past few years. Often these two contradictory tendencies exist in same minds. It seems to me that it should be part of Western diplomacy discreetly to encourage the abandonment of old recriminations and suspicions between Arab world and West and to work for gradual development of necessary minimum of confidence for reasonably friendly relations.

8. As you know, I took a rather similar line with Zulficar Sabry when I saw him on February 12 about repeal of Proclamation 5B[429] (my telegram 117 February 18) in suggesting my own view that it was in UAR interests to settle old disputes and re-establish friendly relations with UK and Australia. Sabry acknowledged that this was probably so, but reverted to events of two years ago. He said that he could understand UK action at Suez, since UK feared that Egypt would throttle their trade by closing canal traffic. These UK fears were unfounded but understandable. But Sabry said he could only interpret attitude Australia had taken up at time of Suez crisis as based on malice, since Australia had no repeat no direct interest of its own at stake. I told Sabry that this was a misinterpretation and that I personally thought that

[428] L'accord fut signé le 28 février.
The agreement was signed on February 28.

[429] La proclamation n° 5 de 1956 disposait que les citoyens britanniques et français se trouvant en Égypte seraient traités en ressortissants ennemis. La proclamation 5B imposait les mêmes conditions aux citoyens australiens. Les deux proclamations, 5 et 5B, furent révoquées en mars 1959.
Proclamation No. 5 of 1956 decreed that British and French citizens in Egypt would be treated as enemy nationals. Proclamation 5B imposed the same conditions on Australian citizens. Both 5 and 5B were repealed in March 1959.

Australian action could best be understood as a desire to stand by Britain. There was no repeat no malice involved. Sabry said that attitude Australia had taken in UN was nevertheless dangerous from Egypt's point of view since if other countries had adopted it the British and French would never in fact have stopped their aggression. I said I was glad to see that UAR ministers realized decisive role that international public opinion could play through UN in settlement of disputes and problems. For this very reason it was in interests of UAR to move toward normalization of relations with Australia and UK and not repeat not to allow future to be poisoned by the past. Sabry said that he was inclined to agree.

9. Zulficar Sabry wished time however to consider whether UAR should repeal proclamation 5B even if settlement with UK did not repeat not go through. It is my hope that in next few days this question may become academic. Mr. Black has just returned to Cairo in hope of clearing up the outstanding difficulty. If by any chance UK-UAR financial settlement is not repeat not signed. I will then need instructions on Qantas spares issue set out in my telegram 117 February 18. Otherwise however I can continue to press as I have been doing for repeal of proclamation 5B.

10. It is my understanding and that of Gardner that visa restrictions which in practice prevent Australians from visiting Egypt in transit or for business reasons (condition B(ii) of your reference telegram) is a corollary of proclamation 5B. Pending its repeal therefore we are inclined not repeat not to submit a separate formal request for the removal of visa restrictions, but we will do whatever is necessary (including submission of a formal request if this then seems desirable) to ensure that with repeal of proclamation 5B all visa discrimination is in fact ended.

11. With regard to condition B(iii) concerning removal of Anzac memorial from Egypt,[430] this seems to me a wise decision. We shall of course do what we can to get best possible terms. We shall however do nothing on this matter until I get further instructions, presumably after conclusion of Australia's discussions with New Zealand and with servicemen's organizations.

12. Regarding desequestration charges,[431] Gardner and I have done everything we could. We shall of course continue to do anything we can but for the reasons pointed out in my telegram 5 January 7[432] I do not repeat not anticipate that we shall get any reduction in figure of 10 percent. Not repeat not only French but in effect also UK have now accepted this figure, as UK negotiators tell me that lump sum for desequestration charges which is embodied in agreement which they have initialled was in fact worked out by calculations based on this percentage. Size of this lump sum was one of last items to be settled before UK-UAR agreement was initialled, and UK negotiators tell me that despite all their efforts they could not repeat not succeed in getting Egyptians to give up this claim for a heavy sequestration charge.

13. I will look forward to receiving Australian Government's comments and clarification on point about resumption of relations and its relation to a UK-UAR settlement. Meanwhile, and unless instructed to contrary, I would not repeat not for time being envisage asking UAR on

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[430] Le monument au *Desert Mounted Corps* à Port Saïd avait été endommagé, de même que les sépultures de guerre à Port Saïd et à Suez. Les gouvernements australien et néo-zélandais décidèrent donc de transporter le monument ailleurs. Il se dresse maintenant sur l'esplanade Anzac à Canberra.
The Desert Mounted Corps Memorial at Port Said had been damaged, as were Anzac war graves at Port Said and Suez. The Australian and New Zealand governments therefore decided to remove the memorial and re-erect it elsewhere. It is now on the Anzac Parade, Canberra.

[431] Un droit de « déséquestration » de 10 pour 100 fut prélevé sur les biens confisqués avant leur restitution à leurs propriétaires antérieurs.
A 10 per cent "desequestration charge" was levied on confiscated property before it was returned to its former owners.

[432] Non retrouvé/Not located.

behalf of Australia for a resumption of diplomatic relations. I am inclined rather to take a suitable opportunity to tell UAR ministers that I personally (or as Canadian representative) believe that a resumption of Australian-UAR diplomatic relations is in interests of both sides, and that I would like to recommend this to Australia. This might let me get some UAR reactions to idea in advance of putting forward any such proposal on behalf of Australian Government itself.

ARNOLD SMITH

378. DEA/12653-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en République arabe unie

Secretary of State for External Affairs to Ambassador in United Arab Republic

TELEGRAM ME-165 Ottawa, July 21, 1959

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Repeat London, Washington, New York (Routine) (Information).
By Bag Canberra.

AUSTRALIA-UAR RELATIONS

For Mr. Smith.

In letter of July 17 the Australian High Commissioner has requested, on behalf of his Government, that you be instructed to approach the UAR authorities concerning a possible resumption of UAR-Australian relations. Following are relevant excerpts of this letter. Begins: I have now had a telegram from Canberra stating that the Australian Government's attitude, as outlined in previous correspondence, has been modified in the light of the developing situation, and that it has been decided that we should aim at re-opening our mission in Cairo after the UAR has agreed to release the Anzac memorial, i.e. without waiting for the resumption of relations between the United Kingdom and the UAR. We have been told that United Kingdom ministers would welcome this. I have therefore been instructed to request you to inform Smith of this decision and to ask him to take the matter up at his discretion with the UAR authorities, preferably with Nasser. Canberra suggest that he perhaps could initiate discussion on the basis of his interview with Nasser on 11th May (as reported in his telegram 429 of 19th May)† or on lines envisaged by him in the final paragraph of his telegram 132 of 24th February. He might either say (a) that he has reason personally to believe that the Australian Government is favourably disposed towards restoration of diplomatic representation in Cairo, or (b) that he would recommend restoration to the Australian Government and has reason to believe that the latter would be ready to accept such a recommendation. It is further requested that the Ambassador should be asked, in making his approach, to bear in mind (a) that he should not commit the Australian Government to a request on its part to re-open its mission; (b) that the present Australian attitude is predicated on UAR agreement to release the Anzac memorial; (c) that the approach should be of a nature to safeguard against a situation in which the UAR could claim publicly (either now or at the time of the restoration of the mission) that the Australian Government has formally requested permission to return to Cairo. (In such a situation, which we would hope to avoid, the Australian Government must be in a position to deny having made such a formal request. We are assuming, however, that there would be no difficulty in obtaining UAR agreement, at the appropriate time, to a suitable form of words in a press

release, basing the restoration of the mission on "mutual interest and desire.") (d) That our thought is to restore the previous position, that is representation at legation level, in the first instance, leaving open for the time being the question of whether or not we should seek to raise it to embassy level. (e) That while we would welcome a UAR mission in Australia, we should not require it as a condition of our return to Cairo. I have also been asked to express the Australian Government's appreciation of Smith's handling of the situation to date and of his helpful comments. Ends.

2. We assume that you will see no objection to such an initiative; we, for our part, welcome the Australian decision which offers hope that normal UAR-Australian relations can be restored. Since the Australian authorities have asked that you should take up this matter "at your discretion with the UAR authorities, preferably with Nasser," we should be grateful if you would keep us informed of action you propose to take so that we in turn can keep the Australian Government informed.

3. For Embassy. We understand that Mr. Smith will probably be back in Cairo within a day or so. Please let us know should his return be delayed for any length of time.

[N. A]. ROBERTSON

379. DEA/12653-B-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 641 Cairo, August 3, 1959

SECRET. PRIORITY.

Reference: Your Tel ME-168 Jul 28.†

Repeat London, Washington, NATO Paris, Permis New York from Ottawa (Information). By Bag Canberra from London.

UAR-AUSTRALIAN RELATIONS

When your reference telegram reached me President Nasser had taken off for a week of parades, speeches and laying things in Alexandria. It was arranged that I see him on his return to Cairo early this week. However, yesterday (Sunday) morning I was summoned to Koubba Palace by Ali Sabri, who said that the President was exhausted and had decided to take a week or more's leave and had asked Ali Sabri to talk to me about Iraq and anything else I wished. We had a long talk on Iraq and other subjects which I shall be reporting separately.

2. In the circumstances I decided that I should raise the question of UAR-Australian relations with Ali Sabri. I said that I had formed the impression during past ten weeks that UAR was now making a concerted effort to emphasize domestic development economically and in constitutional institutions, and at same time to normalize and improve relations with most neighbouring countries. This seemed to me very sensible. It had also led me to think the time might be ripe for me to recommend a resumption of Australian-UAR diplomatic relations. I thought Australian Government would probably be ready to accept such a recommendation if I made it, but before doing so I wished to have in confidence Nasser's own reaction to my idea. I said that at this stage therefore I was merely exploring question informally.

3. Ali Sabri's reaction was most encouraging. He agreed with my general hypothesis about the direction of UAR policy, and after giving a considerable amount of illustrative information on that he said that he too thought that resumption of relations with Australia would now also be appropriate. He would of course have to discuss the matter with the President, and would let me have a reply shortly. (I told Ali Sabri that I planned to be out of town for about a week, and he indicated that his reply would probably be available in ten days or so.) Ali Sabri said that he had no repeat no reason to think the President's reaction would be other than favourable, since my suggestion was directly in line with the general direction of policy.

4. Ali Sabri said he did not repeat not know whether UAR itself would feel able at this time to open a mission in Canberra. I indicated that I thought Australia would not repeat not consider that a necessary condition of resuming relations, though he had no repeat no doubt that Australia would welcome a UAR mission in Canberra should the President wish to open one. But I said what I was envisaging was proposing the restoration of the previous position, whereby Australia would be represented in UAR by a legation.

5. I have always found Ali Sabri extremely friendly to myself, but yesterday he seemed in a particularly serene and benevolent mood toward the world in general, which is not repeat not always the case, and which I take as a good omen for our present purpose.

ARNOLD SMITH

380. DEA/12653-B-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 927 Cairo, October 15, 1959

CONFIDENTIAL. EMERGENCY.

Repeat Canberra (Emergency) from Ottawa, Permis New York, Washington, London from Ottawa (Information)
Please pass copy Emergency to Australian High Commissioner's Office for transmission to Canberra and to Mr. Casey in New York.

AUSTRALIA-UAR RELATIONS

I was summoned today to presidency and informed by Ali Sabri, on behalf of President Nasser, that UAR Government agree to immediate reestablishment of diplomatic relations and reopening of Australian legation in Cairo.

2. Ali Sabri said that it was important for UAR to avoid any appearance that they had taken initiative. They agreed however that it was not repeat not necessary to suggest any Australian initiative, and they have accepted a form of words which we drafted and which they will issue as a press release on Monday October 19 in Cairo. We assume that Australia will issue this same press release at same time in Canberra.

Press Release Begins:

"The Governments of the United Arab Republic and Australia have agreed to the reestablishment of diplomatic relations and the reopening of the Australian legation in Cairo. This decision has been taken on the basis of mutual interest and desire of the two governments following informal discussions between the United Arab Republic Government and the

Canadian Ambassador in Cairo who has been responsible for the protection of Australian interests in the United Arab Republic."

Press Release Ends.

3. I agreed that UAR might, if questioned by press about which side took initiative about resumption of relations, state that proposal was made by Canadian Ambassador in Cairo to both parties and accepted by both. I trust that if Australian Government have to give more information than that in draft press release, something along these lines would be satisfactory there also. Naturally there could be no repeat no objection to saying that such issues as sequestration, Anzac memorial etc. have been substantially disposed of.

4. I think it is desirable to implement immediately the decision to reestablish relations. Conceivably a tense situation could arise in Mideast, e.g. Iraq, and it seems to me desirable to get legation reopened before anything can arise to disturb present relatively serene political atmosphere in Cairo. I therefore took liberty of asking Ali Sabri whether UAR Government would agree, should Australian Government so desire, to reopening legation within a few days after announcement of decision, and whether they would accept Mr. Ian Nicholson as Chargé d'Affaires. Ali Sabri agreed to both these points on behalf of UAR Government.

5. I would therefore recommend that Australian Government consider immediate appointment of Mr. Nicholson as Chargé d'Affaires. Naturally this Embassy will continue to give him every assistance he may require for security of documents, communications and otherwise, until such time as Australian Government can send out the staff they will require.

6. Incidentally Australian Government may be interested to know that Ali Sabri told me that UAR Government has also now decided to move on question of relations with UK. I have learned from Mr. Crowe that preliminary negotiations with them have begun.

7. I am leaving Cairo Monday morning October 19 for fortnights conference in Paris. If there is likely to be any hitch in Canberra over arrangements described above it would be helpful here if I could be informed by Saturday October 17 at latest.

8. See my immediately following telegram.†

ARNOLD SMITH

3e PARTIE/PART 3

ÉTUDIANTS DE LA RÉPUBLIQUE ARABE UNIE DANS LES UNIVERSITÉS CANADIENNES
STUDENTS FROM THE UNITED ARAB REPUBLIC IN CANADIAN UNIVERSITIES

381. DEA/12653-1-40

Note du Comité interministériel sur la politique de l'aide extérieure

Memorandum by Interdepartmental Committee on External Aid Policy

SECRET [Ottawa], September 3, 1959

TRAINING OF UAR STUDENTS AND OFFICIALS IN CANADA

In Cairo recently the Under-Secretary of State for Planning in the UAR Government handed the Canadian Ambassador a memorandum which proposed that Canada might contribute to the UAR's economic development by providing assistance in training UAR students and more senior officials of the UAR Government in Canada.

2. The UAR memorandum, which is reproduced in Telegram No. 629 of July 31† (copy attached) proposed two kinds of training. The first would be for graduate students interested in proceeding to Master's or Doctor's degrees in economic statistics, business management, industrial organization and other related fields of study in Canadian universities. These students would be granted UAR Government scholarships. It was envisaged that there might be an annual flow of about 15 students to Canada under this training scheme.

3. The second kind of training envisaged was short training courses (not more than a year in duration), for more experienced officials of the UAR Government and would cover generally the same fields of study as the first kind of training. This second type of training would differ from the first in two respects. It would be obtained partly through Canadian Government departments or agencies whose work is concerned with economics and statistics, through special courses (presumably at educational institutions), through visits to Canadian cities and development areas, and through discussions with responsible Canadian authorities at different levels of government. The other difference is that although officials selected for this second type of training might travel at the expense of the UAR Government, it is contemplated that their training might be financed through UN fellowships, or other unspecified arrangements. In an explanatory telegram (No. 628 of July 31, 1959,† copy attached) Mr. Smith raised the possibility that Canada might consider it a worth-while gesture to make a few technical assistance scholarships available for this second kind of training. It was contemplated that from four to six officials might be trained annually in Canada under this second kind of training.

4. In support of these proposals, Mr. Smith advanced these arguments:

(a) It would serve Canada's political interests to encourage the flow of UAR trainees to centres in the North Atlantic community. However, the UAR is reluctant to rely too heavily on the UK or the US, both of whom they regard as "imperialists," or on France, for broadly similar reasons;

(b) Canada has an interest in encouraging the use of English and French as effective international languages;

(c) The presence of UAR students in Canada on a continuing basis might be expected eventually to improve trade relations between the two countries because training in Canada would create a knowledge of and a predisposition towards goods and materials produced in Canada.

5. The Secretary of State for External Affairs approved the two types of training proposed by the UAR authorities, and asked that action be taken to make the necessary arrangements. Mr. Green's approval was given on the understanding that Canada would make no financial contribution to either of the two kinds of training proposed by the UAR.

6. In the meantime, there has been a significant political development which throws a completely different light on the UAR's original proposals and which has given rise to proposals quite different from those initially put forward (Telegrams Nos. 724 of August 28† and 727 of August 29,† copies attached). Mr. Smith has been informed, at the request of President Nasser, that the UAR Government has decided to transfer from the USSR to Western countries (primarily Canada, the UK and US at the outset) the training of the several hundred students who must be trained annually to foster the UAR's economic development. This decision reflects a significant development in UAR policy and is based on the UAR's growing disillusionment with the Communist bloc. The immediate reasons for the decision to transfer the training of students to the West was an "investigation" of several hundred USSR-trained students who had been instructed to return to the UAR on leave this summer. This "investigation" revealed that the students had not been properly trained technically, but had been indoctrinated as Communists and in some cases trained for subversion. Political rather than academic standards had been applied by USSR authorities in grading the UAR students. The UAR Government considers that the USSR-trained students will be economically useless to their homeland — some may even have to be imprisoned. President Nasser has decided to send no more UAR students to the USSR, and probably to the satellite countries.

7. The UAR Government has approached the representatives of Canada, the UK and the US in Cairo to ask whether these countries could lend assistance by way of providing places for UAR students in western educational institutions, primarily in technical faculties. The UAR authorities expressed the hope that Canada might be able to find places *this autumn* for as many as possible — "say about one hundred." A few of these students would study languages, but most would study engineering, geology and natural sciences etc. The UAR hoped that the UK and US each might be able to take about 200 students.

8. The UAR authorities indicated also that they would like Canada to provide about 50 professors and lecturers to teach chiefly technical subjects at UAR universities. Although no difficulty is contemplated in paying adequate salaries to foreigners, the UAR is "desperately" short of dollars and has enquired whether Canada could provide funds to finance from 30 to 40 scholarships, perhaps by something analogous to Colombo Plan technical assistance fellowships. The UAR authorities have stressed that the problem of finding places in Canadian universities for UAR students is quite distinct from the problem of financing scholarships out of Canadian funds.

9. The UAR has requested a reply from the Canadian Government urgently on whether or not Canada would be willing in principle to assist the UAR with its problem, particularly by making places available in our universities.

10. Our Ambassador in Cairo has recommended strongly that Canada support the UAR in this matter, and has reported that the UK and US Ambassadors had submitted the same recommenddation to their governments. Mr. Smith gave these reasons in support of his recommendation:

(a) Nasser's swing away from his previous close relations with the USSR already has had important repercussions in other neutralist countries in the Afro-Asian world and the signif-

icance of the prospective switch of the flow of UAR students to the West will not be lost on governments in Asia and Africa;

(b) This matter is of obvious importance in the cold war context, since the West has a long-term positive interest in training UAR students;

(c) It is in the West's interest that the UAR's economic development programme should succeed because its success is one essential factor in diminishing the dangerous instability of the Middle East and increasing its capacity to resist communist penetration.

11. Mr. Smith emphasised the importance of an early and favourable reply in principle, pointing out that such an answer might serve to set the UAR more firmly on its new direction of policy and that any time lost would permit the USSR to recoup its losses.

12. Since the UAR Government has asked for a Canadian reply in principle as a first step, Mr. Smith suggested that (a) our initial reply might emphasize our sympathy with the UAR's problem and our willingness to examine carefully the ability of Canadian universities to find places for UAR students. A favourable initial reply, Mr. Smith suggested, would put Canada in a better position to deal with the UAR on any difficulties their requests might raise for us. (b) That the possible provision of scholarships be treated separately, in order not to delay the placing of at least some students in Canada this autumn; (c) That there might be some advantage in trying to work out a coordinated programme with the UK and the US at least to deal with the difficult problem of helping the UAR this year.

13. In the light of all these considerations and in the light of Mr. Green's approval of Canadian assistance (short of financial support) for the two types of training initially proposed, the advice of members of the Committee on the following points would be appreciated:

1. Would an immediate favourable reply in principle as suggested by Mr. Smith serve Canada's interests better than any other reply?

2. Would it be desirable and feasible to consider the possibility of providing some financial support (not necessarily large) to the training of UAR students in Canada; possibly in the form of technical assistance scholarships similar to those provided under the Colombo Plan?

3. Would it be practical to think in terms of placing some UAR students in Canadian universities for the coming term?

4. Would these be any prospect at all of providing Canadian professors and lecturers for UAR universities?

5. Would Canada's approach to the UAR's request be assisted by attempting to coordinate any Canadian programme with the UK and US programmes?

NOTE: This paper is based on the following telegrams from Cairo, copies of which are attached:

No.	628	July 31†
	629	July 31†
	724	August 28†
	727	August 29†

It will be noted that we have been asked to guard with special care the information on the training of UAR students in the USSR, on the "investigations" conducted by the UAR authorities and the decision of the UAR to switch student training to the West.

382. DEA/12653-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], September 4, 1959

TRAINING OF UAR STUDENTS AND OFFICIALS IN CANADA

The proposal for training UAR students and officials in Canada was given preliminary consideration by senior officials of this Department and the Departments of Finance and Trade and Commerce yesterday at a meeting of the Interdepartmental Committee on External Aid Policy.

It was the consensus of the meeting that this request from the UAR, particularly in view of its direct connection with the cold war, was an issue of the very greatest importance which could be decided only at the political level.

The meeting agreed that:

(a) an approach should be made to Cabinet as soon as possible on the UAR's request; and

(b) an interim reply should be cabled to Mr. Smith in Cairo so that he would know that consideration of the UAR's request was underway and that it would have to be submitted to Cabinet before the reply in principle he had requested could be given.

The main purpose of yesterday's discussion was to obtain some preliminary interdepartmental views on the implications the UAR's request held for Canada, and to get some idea of what training or facilities might be available if the Government's decision was that the UAR's request for assistance should be met.

On the second of these, it seems fairly clear that there is very little that Canada might do to assist the UAR in the academic term which will begin later this month. What little evidence we have is to the effect that the universities are fully enrolled, and we know of at least one instance in which a university, because of the pressure of Canadian enrolments, has had to refuse some foreign engineers who had been accepted earlier. Prospects might be brighter for the 1960 term, but we would have to take account of the 125 university places to which we are committed under the Commonwealth Scholarship Scheme, and the commitments we entered into at Oxford to provide assistance in teacher training and in technical education teacher training to other members of the Commonwealth.

For this year, we could probably provide for some training in government departments or through observation tours or other short-term arrangements which might be of value to the UAR. On the academic side, we might possibly be able to reserve one or two places in the special course in public administration which is conducted at Carleton College. If we want these, however, we should probably speak for them now.

Another possibility, although this would not involve direct Canadian assistance, is that the UAR authorities might request the United Nations to place UAR students on U.N. fellowships in Canadian institutions. Canada Council and NRC scholarships are also possibilities, but it seemed unlikely to officials that either of these could be used to assist the UAR in the approaching academic term.

Officials were quite conscious, of course, that the UAR request is primarily a political issue. Nevertheless, I think I should draw to your attention some of their observations that seem to me to be of fundamental importance to Canada's position with respect to the UAR's request:

(a) Canada's position differs significantly from that of the United Kingdom and the United States, both of whom have, through their policies toward the UAR, acquired a considerable vested interest in the UAR's welfare. Canada has an interest, of course, and it has been sharpened by this latest turn in the UAR's policy towards the USSR, but we have nothing like the financial or economic interest of the U.K. and the U.S. in the UAR. Since our position with respect to the UAR is different, we should not necessarily expect to react to the UAR's request in the same way as the U.K. and the U.S., both of whom have now given favourable replies;

(b) Canadian economic and technical assistance traditionally has been provided on a multilateral basis through the U.N. and its Specialized Agencies, and on a bilateral basis through the Colombo Plan and other similar aid schemes. Our bilateral programmes, which have encompassed, by far, the greater share of our total economic assistance, have been concentrated mainly on the under-developed areas of the Commonwealth. It may be that with the emergence of new Commonwealth countries in Africa: (Ghana, Nigeria and the Federation of Rhodesia and Nyasaland), that there should be some concentration of our available aid resources on them;

(c) In the past, Canada has had a number of requests of one kind or another to contribute aid to areas other than the Commonwealth (e.g., Latin America) but in the main, these have been rejected. We have been concerned always not to get into a situation in which our economic assistance would be too broadly diffused;

(d) Canadian assistance to the UAR would inevitably raise the question of similar aid to other Arab countries and to Israel, and this, in turn, might raise political issues in Canada.

My own view is that these are only some of the considerations that must be weighed in examining the UAR's request. It may well be that the positive and genuinely important political benefits to be gained by meeting the UAR's request will outweigh any negative arguments that may be raised. We will examine the international political implications of the UAR's request immediately in preparing to submit this request to Cabinet.

N.A. R[OBERTSON]

383. DEA/12653-1-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en République arabe unie

Secretary of State for External Affairs to Ambassador in United Arab Republic

TELEGRAM ME-192 Ottawa, September 11, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 727 of August 29.†

EDUCATIONAL ASSISTANCE TO UAR

The Minister has shown a keen interest in this matter and is anxious that the Department do everything it can to have Canada play its part in placing UAR students in Canadian educational institutions. He has written to the President of the National Conference of Canadian Universities and Colleges outlining the importance he attaches to doing everything possible to meet the UAR request. (Copy of letter† by bag).

2. We have explored informally with Dr. Matthews, the Secretary of the NCCUC and with Dr. Sheffield, its Research Director, the possibilities of placing UAR students in Canadian

universities. While not of course minimizing the difficulties in the way of the kind of crash programme which would be necessary if UAR students are to be admitted this academic year, Dr. Matthews pointed out that while he could not commit the universities he personally felt confident that they would want to cooperate and do everything they could to find places for UAR students. In fact we gained the impression that the prospects of placing a fair number of UAR students in Canadian universities within the limited time available were considerably better than we had anticipated. Dr. Matthews is urgently exploring the possibilities with the various universities.

3. The NCCUC have suggested that it be made clear to the UAR authorities that each student would have to meet the following conditions: (a) be proficient in either English or French (b) have at least equivalent of entrance requirements to Syrian or Egyptian universities (c) have full documentation of academic work completed (d) those who have done some university work must be prepared to consider their first year here as one of adjustment or of qualifying, perhaps with a lengthening of their programme by a year (e) if at all possible be in Canada by October 1. October 7 would be the absolutely outside date since the university authorities feel strongly that any later enrolment is not fair either to them or to the student (f) because the programme this year must be a crash one, it would be necessary to insist that each UAR student be prepared to attend whatever university it was possible to assign him to (g) he must be a "successful student" i.e. not a "repeater" (this is a normal requirement of all Canadian universities).

4. We shall inform you as soon as possible of the procedure for handling applications. Meanwhile, however, you might wish to let the UAR authorities know that the following information will be required concerning each student whom the UAR might wish to send to Canada: (a) name (b) whether proficient in English or in French (c) field of study (d) degree to which he is proceeding and number of years of university work completed towards that degree. We assume that this information will be readily available in the central records of the UAR Ministry of Education and that to save time, they may wish to start collecting it now.

5. We are exploring the question of scholarships with the Canada Council although it seems unlikely that anything can be counted on from that source for the coming year. We understand from the NCCUC that since Canadian universities have relatively few scholarships, and feel that in awarding them they must give priority to Canadian students, there is no real prospect of such scholarships being granted to UAR students. With regard to governmental financial assistance, the Canadian Government's economic assistance has, as you know, been limited to multilateral U.N. schemes, the Colombo Plan and the Commonwealth, and no funds are available for assistance to other areas. For your own information, the Minister, although anxious for the Department to do everything it can to assist the placing of UAR students, would not be prepared to seek Cabinet approval for a special appropriation to enable the Canadian Government to meet part of the cost. In the circumstances the UAR authorities will have to be prepared to meet the tuition fees, and travelling and living expenses of any UAR students coming to Canada.

6. Partly because of these financial considerations and partly for administrative convenience we would envisage that once the NCCUC have ascertained which students can be placed in particular universities and this information has been passed to the UAR authorities, subsequent arrangements would become the responsibility of the UAR Ambassador in Ottawa who would deal with the universities concerned either direct or through the NCCUC.

7. The way in which you inform the UAR authorities of our response to their inquiry is a matter which we shall of course leave to your discretion. We assume, however, that you will wish to give some one at a fairly high level an indication in general terms of our sympathetic attitude to the serious problem with which the UAR is faced, the importance we attach to the

matter and the ways in which we hope to be able to help. You might also stress that because of the lateness at which the request was received the number of students that it will be possible to place in Canada this academic year will be necessarily somewhat limited, but that we hope in subsequent years it will be possible to make less hurried arrangements which would lead to a larger flow of UAR students to Canada. You will no doubt wish to raise at a lower and more technical level the more detailed points outlined in this telegram.

8. A separate telegram will follow on immigration requirements.

[H.C. GREEN]

384. DEA/12653-1-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République arabe unie

Secretary of State for External Affairs
to Ambassador in United Arab Republic

TELEGRAM ME-204 Ottawa, September 15, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel ME-192 of Sep 11.
Repeat London, Washington, NATO Paris, Permis New York (Routine) (Information).
By Bag Beirut, Tel Aviv, Ankara, Karachi, Belgrade, Moscow.

EDUCATIONAL ASSISTANCE TO UAR

NCCUC have had encouraging response from universities. Although many replies are yet to be received it seems likely that at least upwards of 60 undergraduate students could be accommodated. Precise figures with regard to graduates, who are considerably more difficult to place, are not yet available but will be sent to you as soon as possible.

2. NCCUC have concluded that only way to process applications of UAR students to meet October 1 deadline for admission to universities would be to have this work carried out in Cairo by NCCUC official who would be empowered by universities to grant admission to qualified students. They are prepared to send Dr. T.H. Matthews, Secretary of NCCUC, to Cairo and the Department has agreed to pay his travelling and living expenses. (There is a possibility that a representative of the University of Toronto will accompany Dr. Matthews under financial arrangements with NCCUC not involving the department).[433] Dr. Matthews is tentatively booked to leave Canada by BOAC on September 18 arriving Cairo 10:20 a.m. Sunday September 20. Subject to paragraph 3 below, please reserve two single hotel rooms to be available from a.m. on Sunday.

3. Before finalizing the plans for Dr. Matthews' trip, we should be grateful for confirmation by telegram as soon as possible that the UAR still wish to send sufficient number of students to Canada to make the trip worthwhile. Could you therefore give us an indication of the number of applications which are likely to be forthcoming, including a breakdown between graduates and undergraduates.

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[433] Matthews était accompagné de F. Wetmore, de l'Université de Toronto. Pour les résultats de leurs efforts, voir « Étudiants de la R.A.U. au Canada » *Affaires extérieures*, Vol. 11, N° 12 (décembre 1959), p. 425.

Dr. Matthews was accompanied by Dr. F. Wetmore of the University of Toronto. For the results of their efforts, see "U.A.R. Students in Canada," *External Affairs*, Vol. 11, No. 12 (December 1959), p. 428.

4. It would be necessary for the UAR authorities to be in a position to place before Dr. Matthews, not later than September 21, the complete dossiers of the students concerned including all the information outlined in paragraphs 3 and 4 of our reference telegram.

5. Dr. Matthews estimates that his work will require between a week and ten days in Cairo and we assume that you will be able to extend the necessary facilities, e.g. office space, to him during this period.

6. We have been in touch with the Deputy Minister of Citizenship and Immigration who has confirmed that his Department would require: (a) usual proof that a university is prepared to admit the individual student to a degree course (this could presumably be provided by Dr. Matthews); (b) evidence of sufficient finances to pay for the student's fees and maintenance (a document from the UAR authorities would no doubt be required). In view of the need to process the immigration applications expeditiously, the Department of National Health and Welfare, have indicated informally that they would be prepared to send a Canadian doctor either from their office in London or Rome, subject to suitable arrangements being made in Cairo. These include the provision of office accommodation by the Embassy, the supplying of a competent interpreter and clerical help, and the selection of an acceptable X-ray technician and radiologist. The individual student would be required to submit an X-ray and radiologist's report to the medical officer and assume the costs.

7. Before pursuing this matter with the Department of Health and Welfare, we should be grateful for confirmation that your Mission would be able to meet these requirements.

385. DEA/12653-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM ME-6 Ottawa, January 22, 1960

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 92 of Jan 13.†
Repeat Cairo, London, Permis New York, Washington, Paris (Routine) (Information).
By Bag Delhi, Karachi, Rome, Ankara, Beirut, Belgrade, Moscow, Tehran, Tel Aviv.

UAR STUDENTS ABROAD

Since you may not receive, before PAC meeting on January 26, a copy of Cairo's Letter No. 2 of January 4† on the above subject, the following summary of information in letter may be useful for PAC discussion.

2. By October last, UAR authorities had reached the conclusion that they could not after all cut off completely the movement of UAR students to the USSR and that some of those who had been recalled in July would have to be allowed to return there. (This corresponds with information in paragraph one of reference telegram.) As for any fresh movement under the UAR-USSR cultural agreement, the position at beginning of January this year was that a decision had been taken to send 100 new students to Soviet Union in 1960 (this is considerably lower than in previous years) but that selection of students for this programme had not yet begun. In order to reduce danger of indoctrination, these would include no students from Syrian region, no female students and no undergraduates. Stay in USSR would be for one year only and would be for scientific and scientific-professional studies only.

3. Since receiving Cairo's letter we have seen a Middle East news agency report of January 11 that 130 persons would leave for USSR late this month "on four year scholarships to study technical and industrial sciences." However, this report, like previous ones of this kind in the UAR press, may have been inspired by the USSR Embassy and may not be reliable.

4. Admittedly, the shift of UAR students from Soviet to Western educational institutions would appear to be less comprehensive than we had been led to expect. However, the decrease in numbers of new scholarships accepted and precautions with which UAR student missions to Soviet Union are being hedged should be noted. While UAR may not wish to raise cultural exchanges, it may be that they intend (and indeed that dangers of subversion will force them) to reduce gradually over the years the size of their student body in the USSR. The end result of such a gradual process might be no less important than that of a more spectacular interruption of student missions to Soviet Union. We therefore welcome UK attitude as reported in paragraph 3 of reference telegram, and we would hope that the developments mentioned in paragraph 2 above would not deter Western countries from adopting as helpful an attitude as possible towards UAR efforts to place increased numbers of students in Western educational institutions.

4e PARTIE/PART 4

ISRAËL
ISRAEL

386. DEA/50134-40

Note de la Direction du Moyen-Orient
pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Middle East Division
to Under-Secretary of State for External Affairs

Confidential [Ottawa], January 20, 1959

DR. EYTAN'S TALK WITH THE UNDER-SECRETARY

On January 16 Dr. Walter Eytan had over an hour's talk with the Under-Secretary. Ambassador Lourie was present.

2. The Under-Secretary enquired about how the joint Ghanaian-Israeli shipping line was going. Dr. Eytan replied that it was going well and that there had even been a request from the Guinean authorities to allow them to work out an association between a Guinean-French joint line and the Ghanaian-Israeli joint line. The West Africans seemed to feel that a country like Israel would not take advantage of them. They were, of course, concerned about their colonial history and they knew that Israel was not going to attempt to assert imperialistic influence over anyone. In fact Israel was really embarrassed with the extent of the requests for assistance that it received. (The Under-Secretary said he was glad to hear of this because Canada had had a somewhat embarrassing reputation for disinterested generosity since the war.) Israel was very interested in establishing relations with these African countries as soon as possible: they had recognized Guinea at a very early date and were among the first, and perhaps, in fact, the first, to recognize; and they expected to establish a Chargé d'Affaires in Conakry without delay "because — well to put it crudely, to forestall Nasser." The Israelis had learned from experience nearer home that the first thing the Arabs were intent on doing in a new country was

to put Israel in the worst possible light. Of course, the Arabs would be represented in West African countries too, but this would be all right if Israel were first.

3. Dr. Eytan thought the desire of the Asians and Africans for technical assistance and training was striking. Not long ago about nineteen different countries had been represented at one time in various seminars and training courses being conducted in Israel. The Burmese had provided an interesting experience recently: on their own suggestion, the Burmese had sent whole families, instead of just the male representatives, for a course in Israel on border settlement problems to equip them for pioneer life in unsettled Burmese areas. These Burmese had, incidentally, had to learn Hebrew with English as the only common language. The children were, of course, quick at Hebrew. Most of the courses in Israel, especially at the universities, had to be conducted in Hebrew. Dr. Eytan referred specifically to the example of a young Nigerian at a university in Israel who had learned to speak Hebrew fluently in eight months and took all his classes in Hebrew. Hebrew was becoming something of a diplomatic *lingua franca* in Tel Aviv to judge from Hebrew conversations which Dr. Eytan had heard take place between the off-spring of two diplomats in Israel. Farming techniques seemed to be of great interest to the Africans, and Israel was glad to have them come for training. On one course, after the available places were filled, one West African turned up for the course anyway and the Israelis naturally had to take him in notwithstanding.

4. Dr. Eytan said that the situation in East Africa was not quite so good. Israel, however, was now in regular trade with East African territories since, via Eilot, direct sea access was no longer impossible as a consequence of Egypt's continued denial of Israel's legitimate right to use the Suez Canal.

5. The Under-Secretary asked about the situation nearer home. Dr. Eytan said that there was not very much change in the basic situation. There was a good deal of western comment on developments in Iraq,[434] but this tended to exaggerate the situation. The Under-Secretary asked how these descriptions compared with those of the situation in Lebanon in the month or two prior to the Iraqi revolution. Dr. Eytan seemed to think that there were not too many similarities in the situation. The Under-Secretary enquired about the Israeli reaction to the United States landings in Lebanon.[435] Dr. Eytan considered that the United States landings had been probably useful in the sense that they had put a stop to a dangerous trend and the withdrawal had been carried out very skilfully, but the situation had been very difficult to assess. It certainly was questionable whether the Eisenhower doctrine derived much benefit from the landings, however. At the time Dr. Eytan had been struck by the similarity of the situation in Czechoslovakia in 1948 when the Russians entered Prague. The Under-Secretary was not satisfied that the analogy was entirely valid. The United States landings had been possible because the United States had been prepared for some different situation. The Iraqi revolution had precipitated the landings because the Americans had considered that "the crust was pretty thin" in the whole area and the attempt in Lebanon, therefore, was to prevent a break-out in one country of particular concern to the United States. But the situation in which they acted had undoubtedly taken the United States by surprise. Dr. Eytan said he was not so sure. Israel did not really know in advance that the Iraqi revolution would occur, but Dr. Eytan had received, a few days after July 14, a letter from Iran, dated July 12, from a person who was in a position to know what was going on in Iraq; and this letter specifically referred to a daily expectation that an uprising would take place against the Iraqi royal family and that there would be a sweeping away of the old régime. The forecast in the letter had been fully borne out by events just two days later. He thought, therefore, that the United States Ambassador in Baghdad should have

[434] Voir la première partie./See Part 1.
[435] Voir volume 25, chapitre II, 5e partie, section b./See Volume 25, Chapter II, Part 5, Section B.

been aware of this possibility, or at any rate, that the United States Ambassador in Tehran should have been alive to the possibility. Ambassador Lourie, however, agreed with the Under-Secretary that the United States gave every evidence of not having fore-knowledge. Dr. Eytan seemed to think the scale of the landings in Lebanon so large as to predicate some fore-knowledge. The Under-Secretary said he did not think this was the case, that the landings had been prepared for other purposes. They had, in any event, constituted an important stabilizing move — motivated possibly by a desire to dampen down the ardour of the Turks and Iranians, for instance, who had showed some signs of wanting to get involved in the restoration of the situation in Iraq.

6. The Under-Secretary enquired whether the Israelis had had any talks with William Rountree.[436] Dr. Eytan mentioned that they had not because Rountree had not come to Israel on his recent trip since the United States wanted, apparently, not to detract from the attention being paid to the Arabs. The Under-Secretary asked how Israel viewed the likely agreement between the UK and the UAR, and more generally, UAR relations with the west, and particularly the United States. We thought that better western-UAR relationships were probably a good thing for Israel as well. Dr. Eytan replied that it could be a good thing for everyone, a normalization of western-UAR relations. He hoped that if there were a restoration of normal relations, then the first task to be undertaken by the United States, the United Kingdom and Canada, with the support of other western countries, should be jointly and severally to make plain to the Cairo authorities the need to get down to the question of restoring peaceful relations with Israel.

7. The Under-Secretary asked whether Israel had improved co-operation with the United Nations. Dr. Eytan replied that the major question was how the United Nations dealt with such a grave situation as that in relation to the Palestine problem, where one of the parties to the dispute refused to drop its attitude of active hostility towards the other and insisted on continuing to regard a state of war as in existence. Israel was not prepared to accept various United Nations bodies as arbiters of this situation when the other party refused to deal on the basis of peace as a common objective. The Arabs refused to negotiate on the basis of the fundamental precepts of the United Nations Charter. The Under-Secretary said he had a somewhat more general approach in mind. It seemed to him that the United Nations in fact represented the ultimate source of any guarantee of Israel's security. True, the Organization was in some respects rickety, but nevertheless it seemed to have greater possibilities than "special relationships" which Israel might seek to establish, e.g., with the United States. Dr. Eytan intimated that Israel had to judge these questions in a pretty hard-headed fashion. The Under-Secretary conceded that this might be true, but suggested that it was doubtful whether the United States, after the Lebanese landings, let alone the United Kingdom and France after Suez, would ever again be able to act except through the United Nations. Even in the case of Lebanon, the United States had in fact linked its action to eventual United Nations approval. Israeli co-operation with the United Nations seemed an essential requirement in Israel's best interests in the long run. Dr. Eytan enquired what kind of co-operation would be possible, bearing in mind the lack of respect for United Nations objectives in the Palestine problem. He argued that it was difficult to see how co-operation with the United Nations would serve any useful purpose if Cairo refused to play ball. For instance, the situation in relation to Jordan was entirely different. For the past two years there had been a relatively happy relationship between Israel and Jordan. Even children could walk along that border without fear. Why not

[436] En décembre 1958, Rountree se rendit au Liban, en Jordanie, en République arabe unie, en Iraq et en Grèce.
In December 1958, Rountree visited Lebanon, Jordan, the United Arab Republic, Iraq and Greece.

elsewhere? The Under-Secretary suggested that one aspect of co-operation might well involve economic undertakings, because one of the most intractable problems, that of the Palestine refugees, seemed to be capable of progress towards a solution only in the event of a general rise in economic activity in the Arab states which would alone create the jobs necessary to draw the refugees out into stable employment and eventual resettlement. He recalled talking to Dr. Chaim Weizmann (in 1943?) who had had, ten years before Hammarskjöld, the same broad confidence in the desirability of economic development. Dr. Eytan commented that Israel, of course, would agree with the importance of economic undertakings. They had had great hopes of the Eric Johnston plan[437] but, of course, that had been upset by Arab obstructionism and it was very difficult to pursue economic plans in the light of such an attitude. Israel would have greater confidence in turning to the United Nations if it made some attempt to give Israel the just, impartial treatment to which it was entitled, and to work energetically for peaceful resolutions, i.e., those enjoining peaceful solutions on the other side. For ten years the United Nations had been passing resolutions on the Palestine problem and not once had it used the word "peace." The nearest thing was a draft resolution in 1952, sponsored, he was glad to say, by Canada and seven other countries which had at least used a periphrastic euphemism for "peace" — "working for a reduction of tensions" or something like that — although it had failed to achieve adoption for lack of a majority. It was hard for Israel to accept the need to improve relations with the United Nations if it had no expectation of just treatment, but a continued tendency to put Israel in an unfavourable position. There was a complete failure to grasp the essential moral basis underlying the whole Palestine issue and to assess the blame on an impartial basis.

8. The Under-Secretary conceded that it was always difficult to sort out the original rights and wrongs of these situations, but he wanted to go back in a purely arbitrary way to take just one example of an occasion where he thought Israel had made a mistake about this question of co-operating with the United Nations. That was the question of UNEF. In the light of experience would Dr. Eytan not agree that Israel's best interests would have been served by its agreeing to the stationing of UNEF on both sides of the border? He was sure that the Israelis had thought very hard about this question, but had they not, in fact, decided unwisely? Dr. Eytan emphatically thought not: the aim of Israel in that situation had been to make it quite clear that UNEF was being stationed on Egyptian territory in order to demonstrate where the blame lay. The Under-Secretary suggested that that decision had probably cost Israel a good deal in terms of its relations with the United Nations.

9. Dr. Eytan said that Israel was coming more and more to the view that a good many United Nations members tend to regard Israel "as something of a bother because of the problems we are supposed to create." The Under-Secretary assured him that Canada did not feel that way, nor most western countries, which would always show concern for Israel. In Canada there was a large body of opinion that has the greatest concern for Israel's relations with the Arab states. The west would always have, at the very least, a clinical interest in a matter affecting their security — although it was true that this could sometimes be translated by some individuals into the view that "Israel was the pearl in the oyster."

10. The Under-Secretary enquired whether the talks during Mr. Hammarskjöld's recent trip had been helpful. Dr. Eytan recalled that he had seen Mr. Hammarskjöld just before he left.

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[437] En 1953, Eric Johnston fut chargé par le président Eisenhower d'obtenir un accord entre Israël et ses voisins arabes pour l'aménagement du Jourdain. La Ligue arabe rejeta son plan en octobre 1955.
In 1953, Eric Johnston was appointed by President Eisenhower to secure an agreement between Israel and its Arab neighbours on the development of the Jordan River. His plan was rejected by the Arab League in October 1955.

The talks had been cordial and friendly, although he could not say they had had much in the way of results. It was interesting that Mr. Hammarskjöld had stayed three days. In past visits — was it ten or eleven? — he had stayed only one day before rushing off elsewhere. This time he had apparently enjoyed himself. Prime Minister Ben Gurion had taken him down to his place on the desert. Mr. Hammarskjöld had amused himself by accompanying Mr. Ben Gurion on his morning walk through the desert — pictures had been taken — with Ben Gurion in his old tattered battle-dress, Hammarskjöld very proper in tidy suiting with his tie fixed just so. Ambassador Lourie recalled that these pictures had been shown on television here recently.

5e PARTIE/PART 5

RELATIONS ARABO-ISRAÉLIENNES : LE CANAL DE SUEZ
ARAB-ISRAELI RELATIONS: SUEZ CANAL

387. DEA/50134-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], June 2, 1959

ISRAELI COMPLAINT AGAINST SUEZ CANAL RESTRICTIONS

The Israeli Ambassador saw me on May 28 and June 1 to make representations about the UAR's detention of Israeli-chartered ships in the Suez canal and seizure of their cargoes, the most recent case that of the Danish ship *Inge Toft*, with cargo from Haifa to Hong Kong. The Israelis have nearly decided that, if the seizure of the *Inge Toft's* cargo as war booty is confirmed, they will bring the case before the Security Council, in expectation of a Soviet veto and a subsequent reference of the complaint by the Council to a special session of the General Assembly. They consider that a direct Israeli request for an Assembly session, which would require the concurrence of a majority of members, would not be feasible. The Israeli Government would like to know as soon as possible the views of other governments, and in particular that of Canada as a member of the Security Council, on what attitude they would adopt should the Israeli Government proceed with its plan.

2. I informed the Israeli Ambassador that I would have to seek your views on this question. However, I expressed the preliminary view that the question of timing was important, not only because of the continuing uncertainty about events in the Middle East generally but also because of the possibility that controversy in the Security Council might tend to upset the Geneva negotiations. The Ambassador agreed that it was unfortunate that the incident had occurred when it did and added that he had no indication of when his Government might wish to proceed.

3. An important consideration is the success or failure of current attempts being made in private to persuade the UAR authorities to abandon or substantially modify their present policy. If you approve, I would recommend that we defer a reply to the Israeli Ambassador pending a fuller knowledge of the outcome of representations already made to the UAR Government by the United Nations Secretary General and the United States Ambassador in Cairo. I have already asked our own Ambassador if he thinks Canadian representations would have any useful effect, and we are investigating the possibility that the Security Council, or possibly the

Danish authorities, should seek to have the substance of the Israeli complaint transferred to the International Court. The Israeli Ambassador's initial reaction was that his Government would probably be unable or unwilling to go to the Court itself, but I think there might be considerable advantage nonetheless in avoiding a contentious debate in the political organs of the United Nations at this stage.

4. Since press coverage (e.g. this morning's *Globe and Mail* editorial) may give rise to parliamentary questions,[438] I attach a suggested reply† which you may wish to have at hand.

N.A. ROBERTSON

388. DEA/50134-40

L'ambassadeur en République arabe unie
au secrétaire d'État aux Affaires extérieures

Ambassador in United Arab Republic
to Secretary of State for External Affairs

TELEGRAM 468 Cairo, June 3, 1959

SECRET. OPIMMEDIATE.
Reference: Your Tel ME-126 Jun 2.†
Repeat London (OpImmediate), Permis New York, Washington, NATO Paris, Paris from London (Information).
By Bag Oslo, Delhi, Karachi, Stockholm, Belgrade, Rome, Tel Aviv, Beirut from London.

SUEZ CANAL CARGOES: UNEF AND UAR POLICY IN GENERAL

Your OpImmediate reference telegram has just arrived. Meanwhile we have been preparing progress report on several topics including Canal cargoes but also developments in Cairo's attitudes regarding relations with Iraq,[439] with UK, and with USSR (including plans for high dam).[440] I have recently reported on Gaza Strip situation.[441] The conjuncture of periods of decision in these various fields may I think be most significant factor. With possibility of a further real improvement in Cairo's relations with West, and with need to check trend towards communism in Iraq, this would be an unfortunate time for West, but also for UAR, to have a serious row, whether over Suez cargoes or over UNEF or both.

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[438] La question fut posée au Parlement le 9 juillet. Voir Canada, Chambre des communes, *Débats*, 1959, Vol. V, pp. 6025 à 6026.
The issue was raised in Parliament on July 9. See Canada, House of Commons, *Debates*, 1959, Vol. V, pp. 5745-46.

[439] Sur les relations entre la RAU et l'Iraq, voir la première partie.
On relations between the UAR and Iraq, see Part 1.

[440] L'accord soviéto-égyptien sur la construction du barrage d'Assouan fut signé au Caire le 27 décembre 1958.
The Soviet-Egyptian agreement on the building of the Aswan High Dam was signed in Cairo on December 27, 1958.

[441] On affirma qu'au cours du mois précédent, le gouvernement de la RAU avait facilité le mouvement de troupes palestiniennes dans la bande de Gaza, contrairement à une entente avec les Nations Unies selon laquelle seules les troupes de la FUNU seraient admises dans cette zone. Voir autres informations dans MAE 50366-40.
It was alleged that during the previous month, the UAR government had facilitated the movement of Palestinian troops into the Gaza Strip, in contravention of an understanding with the United Nations that only UNEF troops would be permitted in this area. For additional information, see DEA 50366-40.

2. It is therefore worth making quite an effort to avoid a public row. Presumably a special Assembly session on Israeli cargoes, whatever majority decision might be, would tend to put UAR in a bad light with many Western countries. Israel might consider this desirable irrespective of prospects for changing Canal situation. Another possible row could conceivably arise over UNEF, unless UAR can be persuaded to modify their policy.

3. In circumstances therefore I would see no repeat no harm and some possible gain in a Canadian approach to UAR authorities, though results I think would depend on how we did it. If you do decide to instruct me to speak about Israeli cargoes, I would like also to express concern about presence of Palestinian Brigade and Feddayin in Gaza Strip. This would illustrate our *locus standi*, and the broad basis of our concern.

4. In case of Gaza Strip I would like to express view that appropriate UAR action would be to withdraw Palestinian Brigade and to withdraw or disarm Feddayin. But I would decidedly not repeat not recommend that any showdown be forced at this time by threatening categorically to withdraw forces from UNEF. Such threats could easily be counter productive. Incidentally I would welcome information on UN Advisory Committee Meeting in New York.

5. In case of Suez cargoes, it would probably not repeat not be necessary before representations here to have a firm decision on substantive line which Canada would take in Security Council or Assembly. We would presumably wish to indicate that Canada traditionally supports free passage, and naturally views with concern implications for international confidence of Egyptian use of Canal for purposes of extended economic blockade. (Previous Egyptian practice of denying Canal passage to Israeli ships was ostensibly based on considerations of Canal Zone security. This could hardly be applied with a straight face to chartered ships and to cargoes.)

6. Perhaps you might also wish me to express support [for] Secretary-General's ideas of a clear declaration on UAR's canal policy,[442] and especially idea that canal transit questions be settled on legal plane. Further information on Secretary-General's line on canal issue and on Gaza Strip issue would be helpful.

7. I believe that an expression of Canadian views might be well received and even perhaps prove helpful if we spoke in context of overall and Iraqi situation, and explained our intervention as motivated by concern lest decisions on relatively minor matters lead to an unnecessary UN-UAR dispute that could cause setback on more basic issues of UAR's international relations. Actually, on June 1, emboldened by your telegram ME-125 of May 28,† I did speak somewhat along these lines on a strictly personal basis during course of a general tour d'horizon with Mourad Ghalib, telling him of my own concern at way things might shape up if UAR leaders were not repeat not careful. But speaking officially to one of Sabris or to Dr. Fawzi might be useful, or conceivably to President himself.

8. I expressed personal satisfaction to Ghalib at improvement of past few months in UAR-Western relations in general, and evidence of gradual growth of confidence of international community in UAR (I know UAR leaders are very anxious of this just now with respect to prospective World Bank loans), and at recent prospects for checking progress of communism in Baghdad. But I expressed personal concern lest all this be jeopardized if public difficulties should be created at this time between UAR and their friends in free world, eastern and western, who are concerned with UNEF or with international trade or both.

9. I found Ghalib receptive. He indicated that UAR leaders were profoundly unhappy about Israeli cargo situation and had not repeat not taken any final decision as yet. They are beginning to suspect (as incidentally do many foreign observers in Cairo) that Israeli

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[442] Voir/See Permis NY to Ottawa telegram 665, June 1,† DEA 50372-40.

Government may have deliberately sought to trap UAR into a revived cargo and chartered ship issue, in order to put a check to current improvement in President Nasser's relations with West, which Israeli Government is alleged to fear almost above all things. Ghalib referred to widespread advance publicity given to *Inge Toft* trip and cargoes, its build-up as a test case, and to challenging statements by Israeli Foreign Minister, to back up his suggestion of a deliberate trap.

10. Ghalib said that although no repeat no decision had yet been taken about disposition of *Inge Toft* cargo, UAR Government were in a tough dilemma, since if they allowed cargo to go through after publicity build-up UAR would appear helpless and ridiculous. I said they should have considered that earlier. He also indicated that UAR Government is concerned at prospects of growing economic relations between Israel and Far East.

11. Ghalib also said that if there were a UN debate on canal cargoes the UAR could defend itself against Israel by pointing to various UN resolutions on Palestine that Israel had flouted. I commented that in my opinion the real question was not repeat not whether UAR or Israel were in the right or in the wrong. Both could be wrong, from viewpoint of rest of world. Real question it seemed to me was whether proposed action would increase or decrease confidence between UAR and international community as a whole.

12. Ghalib referred to representation which USA Ambassador has made during week-end and said that they were being carefully studied. (Mr. Hare had given me a full account of these but you will presumably have had a report from Washington).

13. So far as we can ascertain here there still (June 3) appears to be no repeat no definite decision regarding *Inge Toft* cargo. But the *Al Ahram* article reported in my immediately following telegram† is not repeat not reassuring.

ARNOLD SMITH

389. DEA/50134-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en République arabe unie

Secretary of State for External Affairs
to Ambassador in United Arab Republic

TELEGRAM ME-128 Ottawa, June 5, 1959

SECRET. OPIMMEDIATE.

Reference: Your Tel 468 Jun 3.
Repeat London, NATO Paris, Paris, Permis New York, Washington (OpImmediate) (Information).
By Bag Delhi, Karachi, Rome, Ankara, Beirut, Belgrade, Moscow, Tehran, Tel Aviv, Copenhagen from London.

SUEZ CANAL CARGOES AND UNEF

We agree that you should continue your contacts on Suez cargoes with UAR authorities, at whatever level you think appropriate. The line to take is to make it clear initially that the Canadian position on freedom of passage in the Suez Canal is a matter of record, and that if the current controversy were to come before the Security Council or Assembly, our public attitude would necessarily be the same. You could go on to say that we were conscious that the present state of inter-Arab relations, involving for example continued attacks by the Iraqi press on President Nasser as a "conspirator with imperialists and Israelis," made it difficult for the UAR

to take any step which might look like a political retreat. You could add that perhaps the most fruitful approach from the UAR's point of view might be to follow up the suggestion of the Secretary-General at his Press Conference on June 4[443] that the present issue was much more a legal than a political matter, and you could very tentatively point out that a graceful out for the UAR, which would both help to build international confidence in the UAR Government and also enable it to meet Arab criticism, would be to accept, or even to propose, a reference of the case to the International Court of Justice, either through contentious proceedings or by way of a Security Council or Assembly request for an advisory opinion. (The Secretary-General specifically mentioned a settlement by the ICJ as a possible means of solving the problem.) Meanwhile, you could add, a step which would remove some of the political urgency of the matter and enable the UAR's legal arguments to obtain a better hearing among the international community would be to refrain from confiscation and dispersal of the *Inge Toft*'s cargo, even if the UAR felt that the refusal to let the cargo pass through the Canal had to be maintained, at least for the time being. (You could add the suggestion contained at the end of London telegram 1804 June 4† if this seems useful. A following telegram† contains background on legal aspects of the use of ICJ.)

2. Commenting further, you could remark that you assumed that the UAR shared Canada's desire to see a continuation of current improvement in UAR-West relations, and you assumed also that they did not repeat not wish the Arab states to find themselves in a relatively isolated position at the UN which the Soviet bloc might find it easy to exploit. This danger would seem to point up the advantage, from the UAR's point of view, of seeking a settlement through legal rather than political channels. It is possible of course that the UAR might in fact consider that the course of Council or Assembly debate would be such as to dilute the authority of the 1951 Council Resolution on the Suez Canal; if so, we might be speaking to deaf ears in using the above argument, but it seems to us that a political debate might have more important disadvantages for the UAR. Doubtless the UAR in any political debate will feel compelled, as you say, to counterattack by raising the question of unfulfilled Assembly resolutions on other Palestine issues such as refugees or the Israeli refusal to admit UNEF to its territory. You could therefore point out that unless a way could be found to link these resolutions to any Council or Assembly decision on the Suez issue, or in some other fashion to demonstrate strong continued support for them, a political debate might be just as likely to result in dilution of their authority as that of the 1951 Council Resolution.

3. We agree that it would also be useful for you to make the points about Palestinian troops and Fidayin in Gaza as suggested in paragraph 4 of your reference telegram. We leave it to you to judge whether there is any risk that the UAR authorities will conclude that our attitude on the Suez problem will be affected by their response on the Gaza issue.

[443] Voir/See Andrew W. Cordier and Wilder Foote, eds., *Public Papers of the Secretaries-General of the United Nations, Volume IV, Dag Hammarskjöld 1958-1960* (New York and London: Columbia University Press, 1974), pp. 402-7.

390. DEA/50134-40

Note du chef de la Direction du Moyen-Orient pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Middle East Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 15, 1959

SUEZ CARGOES

The Israeli Ambassador came in at my request on June 11. I explained that the Minister had taken the position that a reference of the issue to the International Court might provide a means of upholding the basic issue of principle and at the same time avoiding an inopportune political debate. While the Canadian Government appreciated that the legal approach suggested might be more time-consuming and indirect than recourse to the political organs of the United Nations, it might be in Israel's own best interests, especially from a commercial point of view, to facilitate the idea of a Court reference and to do nothing which would render more difficult the acceptance of such a reference by the UAR and the Arabs generally. I reminded the Ambassador of the informal concern already expressed in Cairo by our Ambassador and noted that he had been instructed to re-emphasize our adherence to the principle of free passage, to suggest that the UAR accept a legal determination of its rights and to urge that the *Inge Toft*'s cargo not be confiscated. Finally I noted our satisfaction that the Secretary-General had advanced the time of his proposed visit to the area.

2. The Israeli Ambassador took issue with the suggestion that President Nasser might be prepared to accept a quiet way out of the current difficulty which would not expose it to criticism from Arab public opinion. On the contrary, he said, Nasser was attempting to make full use of an opportunity to persuade the West to accept a "fait accompli." While he accepted the fact that the Canadian Government was approaching the question from the point of view of Israel's long-term interests, he doubted whether any faith could be placed in a thesis which presupposed Nasser to be acting other than strictly in accordance with his own wishes and desires. He argued that any Arab pressures which might appear to be influencing the UAR attitude on the cargoes issue were of Nasser's own creation. He rehearsed again the attempts which had been made in 1954 by the United States to achieve a resolution of the Israeli passage issue. He said that the United States Government had informed the Israelis at that time that President Nasser had said he would be prepared to go on to discuss the question of peace with Israel when the United Kingdom forces had been removed from the canal zone. He said that President Eisenhower had sent a special emissary on two occasions to Cairo to follow up this offer and that this representative had informed the Israelis that he had come to the conclusion that the Egyptian Government had gone back completely on its undertaking. This had fortunately been kept very quiet at the time but the pattern would repeat itself now if the Western powers assumed that there was any hope of Nasser letting up in his animosity towards Israel.

3. The Ambassador did state, however, that the Israeli authorities would be most interested in any indication that the UAR authorities were prepared to seek a legal determination of the cargoes issue.

4. Dr. Lourie did not raise the question of what attitude the Canadian Government would take in the event that the Secretary-General's approach and the proposal for a legal determination of the issues should both fail. There was accordingly no need for me to point out that we were refraining from considering this question now.

E.R. RETTIE

391. DEA/50134-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 20, 1959

SUEZ CARGOES DISPUTE

You may wish to have a summary of the present position with regard to the Suez Cargoes issue, for general information purposes and with regard to the question of possible reference to this issue in your statement to the General Assembly.

2. *The UAR Attitude*: We have now had a number of reports about the arrangements for the Suez Canal suggested by the UAR authorities to Mr. Hammarskjöld in Cairo at the beginning of July. The arrangements do not require formal or informal acceptance by Israel and are understood by the Secretary-General to be already in effect; the UAR Ambassador in Oslo, for example, has notified the Norwegian Government that Norwegian ships could transit the Canal in accordance with them. These arrangements, which have been very vaguely defined, would be in essence that publicly the UAR would maintain its refusal to permit the passage of Israel-flag ships or "Israeli commodities" through the Canal, but that unofficially, and under condition of secrecy, the UAR would *not* consider as forbidden "Israeli commodities," FOB cargo from Israel or CIF cargoes to Israel — in other words, cargoes which at the time of their passage through the Canal were not legally Israeli property.[444]

3. A good deal of this has leaked to the press[445] in various capitals, but fortunately there has as yet been no public official comment on it either in the UAR or in other Arab countries such as Iraq. The absence of any UAR denials suggests that the condition of secrecy mentioned above would be met provided there is no further publicity about the broad nature of the arrangements and no publicity about individual passages through the Canal that might embarrass the UAR.

4. *The Secretary-General*: The Secretary-General has told the Israelis that he had not negotiated, and was not a party to, the UAR arrangement, so that the United Nations stand on free passage had not been prejudiced; he considered, however, that the UAR proposal was something the Israelis could live with if it was trade they wanted; if they wanted to make an issue of it, they would probably lose any chance of getting their cargoes through the Canal. This may well be true; certainly no further relaxation of the UAR stand is likely at present.

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[444] Les cargaisons expédiées *c.i.f.* (*cost insurance and freight* [coût, assurance et fret]) sont réputées être livrées à l'acheteur au port de destination, tandis que celles qui sont envoyées f.o.b. (*free on board* [franco à bord]) changent de propriétaire lors de leur chargement. Au sujet de cet « *effective stand* », voir Brian Urquhart, *Hammarskjöld* (New York: Knopf, 1972), pp. 303 à 304.
Cargoes shipped c.i.f. (cost insurance and freight) are considered to become the property of the buyer at the port of destination, while those shipped f.o.b. (free on board) change ownership when the cargo is loaded. On this "effective stand," see Brian Urquhart, *Hammarskjöld* (New York: Knopf, 1972), pp. 303-304.

[445] Voir/See Joe Alex Morris, "Cairo Ready to Open Suez to Some Israeli Cargoes," *New York Herald Tribune*, July 5, 1959, p. 2.

5. *The Israeli Attitude*: The Israeli Cabinet has twice (on July 19 and August 2) postponed a decision on the next step to be taken, and has refused an Israeli Foreign Ministry proposal (the nature of which was not revealed to us) to solve the specific problem of the *Inge Toft*, which is still detained at Port Said, with its cargo not yet unloaded, at a cost of $1,000 a day to Israel. The Cabinet's view, according to the Director General of the Foreign Ministry, was that removal of the *Inge Toft* would eliminate the practical case which serves to maintain pressure on the international conscience. The Israelis have continued to express considerable dissatisfaction with the UAR proposal, which they say would place them under a commercial handicap in dealings with potential Afro-Asian customers, most of whom, we are told, much prefer to purchase on a CIF basis. Another Israeli argument is that the UAR requirement of secrecy would only provide the UAR with a ready-made excuse arbitrarily to reverse its stand at any time it chose to do so, on the ground that there had supposedly been some kind of undesirable propaganda about the arrangements.

6. Our Ambassador in Tel Aviv believes that the Israelis are genuinely uncertain of the best tactic to adopt. It may be that, particularly in view of the approaching election in Israel, they feel compelled to register objections to any conditions short of full freedom of transit for them, and that in due course, without openly indicating acceptance of the UAR arrangement, they will quietly try to put it to practical use, but this is not certain.

7. Certain Israeli ministers still favour raising the issue in the Security Council, but the Israelis have received little encouragement from other countries for a Council debate, or for inscription of an item on the General Assembly agenda. They are apparently now seriously considering a suggestion made to them by Mr. Hammarskjöld, namely that if they felt they had to undertake further political action, they might do so not by seeking discussion in the Security Council but by voicing their opinions on the Suez issue in their statement during the general debate of the forthcoming Assembly meeting; they might also try to line up support amongst other countries, in the hope that as many as twenty or thirty might include in their own speeches a section regarding their adherence to the principle of free passage through the Canal to all nations including Israel. The Israelis would hope that if they decided on this course, the USA, which speaks early in the general debate, might give the lead and encourage other countries to speak in the same sense.

8. It seems doubtful whether the general debate would develop as the Israelis are thinking it might. Prime Minister Khrushchev's address will tend to focus attention on East-West issues, and comparatively few countries will wish to turn aside from their main themes to discuss the Suez Canal problem; or if they do turn aside, certain of them will probably want to counterbalance their statement on Suez by making a similar reference to some Arab grievance such as the refugees. Nevertheless if, in due course, the Israelis ask that mention be made of the Suez issue and the principle of free passage in your opening statement, you might consider it appropriate that the Canadian attitude to this question should be suitably re-emphasized, if it is clear that other governments sharing our views on the problem plan to take a similar step.

J.W. HOLMES
for Under-Secretary of State
for External Affairs

392. DEA/50134-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1237 New York, September 26, 1959

CONFIDENTIAL. PRIORITY.
Reference: Your Tel ME-215 Sep 22.†
Repeat Washington, London (Information).
By Bag Cairo, Tel Aviv from London.

MINISTER'S SPEECH — SUEZ CANAL

The Minister decided not repeat not to mention the Suez Canal transit issue in his statement to the Assembly[446] because that statement was restricted to those problems in which Canada had a direct and urgent interest. At the Minister's suggestion I called on the Secretary-General this morning to explain that this was why the Canadian statement had omitted this subject.

2. Hammarskjöld told me that in speaking to Mrs. Meir (Israel) the other day, he got the impression that she was disappointed with the references that had so far been made in the General Debate. Both the USA and UK had mentioned the right of free passage in only very brief and general terms and other shipping nations had been hardly less enthusiastic on the issue. He expected that in quantity and more particularly in quality these references would fall short of Israeli expectations for the General Debate. He had been led by Mrs. Meir to believe that in this event Israel would seriously consider proposing an item for the Assembly's agenda. The Israelis were apparently thinking in these terms rather than in terms of a Security Council meeting because they appreciated, as did others, the difficulty of obtaining a satisfactory resolution from the Council.

3. If the Suez Canal issue were inscribed on the Assembly's agenda, the Secretary-General anticipated that it would open a wide ranging and bitter debate on the whole Palestine problem. In such a debate the Arabs would probably take the stand (as they had in private discussions with the Secretary-General) that freedom of passage of the Suez Canal, while granted in principle, could not repeat not be considered in isolation from the Palestine problem; and that Israel's right to such freedom of passage had to be linked with Israel's obligations under the Assembly's 1948 resolutions.

[446] Voir Canada, ministère des Affaires extérieures, *Déclarations et discours, 1959-60*, N° 59/30.
See Canada, Department of External Affairs, *Statements and Speeches, 1959-60*, No. 59/30.

393. DEA/50134-40

L'ambassadeur en Israël
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Israel
to Under-Secretary of State for External Affairs

LETTER NO. 506 Tel Aviv, October 9, 1959

CONFIDENTIAL

Reference: Your Telegram ME-178, Aug. 28/59.†

ISRAELI REACTION TO GENERAL DEBATE RE SUEZ QUESTION

In the course of a conversation yesterday with Mr. Eytan, he said that Mrs. Meir was quite pleased with the degree of support expressed during the General Debate for the principle of freedom of passage through the Suez. The Cabinet is also reported to be satisfied with the results of Israeli efforts to enlist backing on this issue, though they would naturally have hoped for a wider response. The Israeli press has been keeping a box score on references to the question in national statements and the pro-Government papers profess considerable satisfaction over the results, finding comfort even in the most general references to principle and in the complete absence of support for the UAR position by any non-Arab members of the U.N. (The impending elections have doubtless impelled the Government to put the U.N. performance in as favourable a light as possible but I gathered from Mr. Eytan that they do feel less isolated on the Suez issue.)

2. Mr. Eytan told me that the Secretary-General had indicated that further efforts which he intended to make with the UAR would, he believed, be facilitated by the clear expression of so many countries in favour of freedom of passage, though his hand would have been further strengthened by wider support.

3. Inevitably the conversation swung to the [Canadian] decision to remain silent on Suez and Mr. Eytan professed to be genuinely puzzled, the more so as practically all the states with which we are normally associated, the U.S., U.K., most Old Commonwealth, Scandinavian and NATO countries had all included a reference to freedom of passage in their statements. I told him that as he already knew, the Canadian Government supported the principle of freedom of passage and had made that clear in the House of Commons. There was therefore no difference between us on the question of principle. He must allow, however, for an honest difference of opinion on tactics and Ottawa's view had been that a parade of public statements in the U.N. was not likely to be an effective means to secure Israel's objectives. He commented that the suggestion had come from the Secretary-General who now considered that even the partial success attained would help him in his continued efforts and Mr. Eytan implied that it was an unusual position for Canada to be at odds with the Secretary-General. I agreed that we usually supported Mr. Hammarskjöld's ideas and cooperated with him and indeed had done what we could in this particular issue, though not in a public way.

4. I went on to say that while I had had nothing official to this effect, it had occurred to me that we might have been affected in our decision by the thought that what influence we exerted in Cairo (and that influence was all on the side or reason and moderation and in the interests of the Western world and therefore also in the ultimate interest of Israel) might be jeopardized or at least lessened by a critical public posture which we would presumably be the more reluctant to take since it would, in our judgment, serve no practical purpose.

5. I asked Mr. Eytan what would now happen to the *Inge Toft* and he indicated that they would probably soon arrange to have it returned. The cargo in any event is so far deteriorated that it is not any longer of much value. He continued to say that no decision had been taken and indeed no discussion held on the next move, but one thing was sure and that was that Israel must not lose its rights by default and that in some form they must maintain the momentum. His own idea is that fairly soon a ship should be sent to the Canal with Israeli cargo on the assumption that it would go through.[447] If it did, all well and good. If the Egyptians stopped it Israel should then go to the Security Council. He did not make any mention of charters or ownership of vessel and I did not press him on these details, but I am quite sure he was thinking in terms of an Israel cargo shipped c.i.f. from Haifa.

B. MARGARET MEAGHER

[447] Le 17 décembre, un autre navire, le cargo grec *Astypalea*, transportant une cargaison de ciment de Haïfa à Djibouti, fut détenu à Port Saïd. Les autorités égyptiennes finirent pas confisquer les cargaisons des deux navires, *Inge Toft* et *Astypalea*. Voir Brian Urquhart, *Hammarskjöld* (New York: Knopf, 1972), pp. 305 à 308.

On December 17 another ship, the Greek *Astypalea*, carrying a cargo of cement from Haifa to Djibouti, was detained at Port Said. The cargoes of both the *Inge Toft* and the *Astypalea* were eventually confiscated by the Egyptian authorities. See Brian Urquhart, *Hammarskjöld* (New York: Knopf, 1972), pp. 305-308.

CHAPITRE VIII/CHAPTER VIII
EXTRÊME-ORIENT
FAR EAST

PREMIÈRE PARTIE/PART I

AIDE DU PLAN COLOMBO AUX PAYS NON MEMBRES DU COMMONWEALTH
COLOMBO PLAN AID TO NON-COMMONWEALTH COUNTRIES

394. PCO

Note du secrétaire d'État par intérim aux Affaires extérieures pour le Cabinet

Memorandum from Acting Secretary of State for External Affairs to Cabinet

DOCUMENT NO. 169-59 [Ottawa], May 25, 1959

CONFIDENTIAL

COLOMBO PLAN AID TO NON-COMMONWEALTH COUNTRIES

On September 7, 1958 Cabinet reviewed the matter of Colombo Plan aid to non-Commonwealth countries and agreed to an allocation of $2 million to these countries in 1958-59 on the understanding that this aid would be mainly in the form of surplus Canadian foodstuffs.

In accordance with this Cabinet directive, officials entered into discussions with Indonesia, Burma, Vietnam, Cambodia and Laos to determine the maximum amount of funds which these countries were likely to be able to absorb in the form of surplus Canadian foodstuffs. In response to enquiries, our missions in these countries were instructed to make it clear that we would not be prepared to discuss Canadian aid for development projects in 1958-59 until we were satisfied that the foodstuffs programme that was under negotiation would be on a scale to meet the terms of the Cabinet directive.

The negotiations with non-Commonwealth countries have resulted in understandings with Indonesia, Burma and Vietnam who have agreed to take Canadian surplus foodstuffs in the following amounts, subject to the approval of Cabinet:

Indonesia	Flour	$ 500,000
Burma	Wheat	500,000
Vietnam	Flour	140,000
Butter		60,000
		$ 1,200,000

The preliminary discussions with Cambodia and Laos made it clear that these countries depend largely on domestically produced food to meet their consumer requirements, that storage space would have been inadequate to accommodate even a relatively modest grant of Canadian wheat or flour, and that there would have been difficulty in obtaining the agreement of these countries to pay shipping costs from their own resources.

The Australian authorities have been consulted about a foodstuffs programme on the lines set out above. While expressing concern about the apparent increase in Canada's disposals of wheat and flour in what they regard as traditional Australian markets, the Australian authorities did not object to these contemplated transactions. They did, however, ask us to make it clear that Canadian gifts of wheat and flour under the Colombo Plan should in no way be expected to affect the undertakings given by these countries to purchase stipulated quantities on commercial terms.

The grants now being proposed together with the $60,000 grant of wheat to Nepal, which Cabinet approved on August 8, 1958, bring the total level of the foodstuffs programme to $1,260,000. In addition, about $140,000 has been committed, with the approval of the Ministers concerned, to a number of small projects on which negotiations had reached an advanced stage when Cabinet decided that foodstuffs should represent the main element of our programme in non-Commonwealth countries during 1958-59. In practice, therefore, there is a balance of about $600,000 remaining from the 1958-59 allocation which has not yet been committed.

In approving Canadian participation in the Mekong River project on February 24, 1959, Cabinet directed that apart from this project only the provision of Canadian foodstuffs should be considered under the Colombo Plan outside the Commonwealth in the fiscal year 1959-60. Since the Mekong River project represents a substantial Canadian undertaking whose benefits will be shared by Thailand, Laos, Cambodia and Vietnam, it would not appear that any part of the balance of 1958-59 funds should be allocated to these countries. Instead, it is recommended that this balance be allocated to Indonesia and Burma.

Indonesia and Burma are the most important among the non-Commonwealth members of the Colombo Plan. Political developments in both countries over the last year or so have been reasonably encouraging from the point of view of the free world. Not only our Commonwealth partners in Asia but also Australia and New Zealand have a clear interest in the political and economic stability of these countries. The Australian pattern of allocations under their Colombo Plan programme reflects this interest, particularly in relation to Indonesia. For a number of reasons Canada's Colombo Plan programme in these countries was slow to develop and so far only about $400,000 or less than one-fifth of one per cent of our aid has been made available to them; of this amount $399,000 went to Burma and just over $2,000 to Indonesia.

In summary, there are four reasons why it is recommended that the $600,000 remaining from the 1958-59 allocation should be set aside for projects in Indonesia and Burma. First, these countries have received only a very modest share of Canadian Colombo Plan funds in the past. Second, Cabinet has directed that in the fiscal year 1959-60 the only aid contemplated for these countries would be aid in the form of surplus Canadian foodstuffs. Third, over a number of years these countries have been putting forward proposals for assistance to their economic development in the form of Canadian equipment and services, and negotiations to this end have been carried on in good faith; it is fair to say that their expectations were focussed in particular on the $2 million appropriation for non-Commonwealth countries in 1958-59 and that for this reason they made a special effort to demonstrate that they were prepared to meet the Canadian position by undertaking to take reasonable quantities of surplus Canadian foodstuffs. Finally, it is the judgment of our missions in Indonesia and Burma that even a modest amount of Canadian assistance to development projects from the balance of 1958-59 funds would be regarded in these countries as a helpful political gesture on Canada's part.

The following are the projects in Indonesia and Burma, respectively, for which Canadian aid has been requested:

Indonesia: Otter Aircraft — $400,000

Indonesia purchased two Otter aircraft commercially from Canada in 1958. These aircraft were the subject of very favourable publicity in Indonesia and their performance impressed the Indonesians as well suited to local conditions. Arrangements are now under way for the sale of two additional Otters to Indonesia on a cash basis. Apart from cash sales, the Indonesian Foreign Minister enquired in January 1959 about the availability of credit facilities for the purchase of Otter aircraft to a value of $3.5 million and about the possibility of Canada's being willing to supply under the Colombo Plan a few additional Otters to be used in developing secondary lines of communications, for aerial survey and rescue operations, and for general developmental flying. On April 2, Cabinet authorized the Export Credits Insurance Corporation to insure the sale of twelve of these aircraft to Indonesia by De Havilland Aircraft of Canada Limited on the understanding that Australia did not object to this sale. Australia has been consulted and has, in fact, raised no objection.

In the light of Indonesia's limited foreign exchange resources and its urgent requirement of aircraft for developing a widely scattered island economy, the provision of a limited number of Otters on a grant basis would make a worthwhile contribution to economic development. It is, therefore, recommended that an amount of $400,000 be allocated out of Colombo Plan funds for 1958-59 for the provision of three Otters with spare parts to Indonesia. Because the airforce are largely responsible for developmental flying in Indonesia, operational control of any aircraft provided by Canada is likely to rest with them. It is intended, however, that before these aircraft are provided assurances should be sought from the Indonesian Government that their use will be confined to developmental purposes, not excluding the establishment of civil aviation links between the islands of the Indonesian archipelago.

Burma: Bridge to Link Rangoon with Thaketa — $200,000

The reconstruction and expansion of Burma's highway system, which was severely damaged in World War II and over the long period of insurrection that ensued, is one of the most important tasks facing Burma in the development of its economy. In recognition of this need, Canada provided the services of a team of engineers last year to carry out a detailed engineering and economic analysis of Burma's highway system. The report of this team was presented to the Burmese early this year and is regarded by them as a valuable contribution to improved highway planning. The Burmese have requested us to follow up this work by training a small group of highway engineers in Canada. They have also asked us to contribute Canadian material and services towards the construction of a bridge to link Rangoon with Thaketa, a rapidly developing satellite town. This project commends itself as a useful contribu-tion to the development of the Burmese highway system and in view of its central location in a densely populated area is likely to attract considerable publicity for Canada. Before a final decision is reached on whether to embark on this project, more information would have to be obtained on its technical implications and aggregate cost by sending a small team of Canadian engineers to carry out a preliminary survey. It would also be necessary to obtain assurances that, if Canada were to contribute a portion of the costs of the project within the funds availa-ble for this purpose, the Burmese Government would be prepared to put up the balance. Meanwhile it is recommended that an amount of $200,000 be set aside out of the balance of 1958-59 funds to meet the cost of a preliminary engineering survey of the project and at a later stage to provide assistance towards the construction of the bridge in the form of Canadian materials and services. It would be understood that Canadian participation in the construction stage would

depend on the findings of the preliminary engineering survey and on specific Cabinet authority being sought in due course.

In summary it is recommended that Cabinet approve the following allocations from the total of $2 million which it agreed on September 7, 1958 to set aside for non-Commonwealth countries out of 1958-59 funds:

Indonesia:	Flour	$500,000
	Provision of 3 Otter aircraft with spares	400,000
Burma:	Wheat	500,000
	Provision of Canadian engineering services to make technical survey of Thaketa bridge project and, subject to findings of survey team and specific Cabinet authority, provision of Canadian materials and services to assist in construction of bridge	200,000
Vietnam:	Flour	140,000
	Butter	60,000

It is in accordance with normal practice that, in the case of all food grants, counterpart funds will be established in amounts equivalent to the Canadian grant to be used in due course for development projects agreed upon by Canada and the recipient government.[448]

[J.G. DIEFENBAKER]

2E PARTIE/PART 2

PROJET DE LA RIVIÈRE MEKONG
MEKONG RIVER PROJECT

395. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

DOCUMENT NO. 43-59 [Ottawa], February 4, 1959

CONFIDENTIAL

MEKONG RIVER PROJECT

The Mekong River is one of the great rivers of the world. Like many of the river systems of South and Southeast Asia, the Mekong gathers its headwaters in the Sino-Tibetan region. On its course, which extends over some 2,800 miles, it passes through eastern Tibet, Yunnan province of China, Burma, Laos, Thailand, Cambodia and Vietnam, to empty into the South China Sea.

2. The United Nations Economic Commission for Asia and the Far East (ECAFE) initiated in 1951 a series of field investigations and studies of the Mekong River. The interest of ECAFE was based on the potential benefits which the successful harnessing of the river might be expected to yield to the riparian states in terms of flood control, irrigation, hydro-electric power

[448] Approuvé par le Cabinet le 16 juin./Approved by Cabinet on June 16.

and improved navigation. For the purposes of the studies undertaken by ECAFE the river includes a drainage area within Laos, Thailand, Cambodia and Vietnam totalling some 235,000 square miles or roughly the area covered by the province of Saskatchewan. This area is commonly referred to as the Lower Mekong River Basin.

3. In 1957, the United Nations Technical Assistance Administration, at the formal request of the riparian states, appointed Lt. Gen. Raymond A. Wheeler to head a mission with the object of studying and investigating on the spot a number of projects that had been formulated by ECAFE for the development of the Lower Mekong River Basin. The Wheeler Mission submitted their report in January 1958. The report concluded that before any particular projects (such as the construction of dams) could effectively be initiated, further investigations and the collection of basic technical data would be required. Accordingly the Wheeler Mission recommended a five-year programme of planning at an estimated cost of $9.2 million. The programme outlined by the Mission includes aerial surveys, levelling, hydrologic observation, and soil surveys. The report of the Wheeler Mission was endorsed by the riparian states concerned (Laos, Thailand, Cambodia and Vietnam) as members of the "Committee for Co-ordination of Investigations of the Lower Mekong Basin."

4. A number of countries and international agencies have already agreed to co-operate in the programme recommended by the Wheeler Mission. The United States has pledged $2.2 million for river gauging and the co-ordination of hydrologic and river flow measurements. France has contributed about $140,000 for the purchase of hydrologic instruments. New Zealand has made a contribution of $100,000 for the acquisition of four survey launches, one for each of the riparian states. Japan has appropriated the equivalent of $54,000 towards a survey of the major tributaries of the Mekong. Various agencies of the United Nations have also offered the services of experts to assist in the different phases of the Mekong project.

5. In April 1958 the Executive Secretary of ECAFE visited Ottawa. On that occasion he expressed the hope that, since aerial surveying and mapping appeared to be an important element of the programme recommended by the Wheeler Mission, Canada would consider participating in this phase of the programme. The Canadian authorities subsequently selected Lt. Col. G.S. Andrews, the Surveyor-General of the Department of Lands and Forests of the Province of British Columbia, to make a detailed study of the problems and estimated costs involved in the proposed aerial survey and mapping of the Lower Mekong River Basin. It was clearly understood, however, that the selection of Lt. Col. Andrews for this task in no way committed the Canadian Government to participate in any phase of the Mekong project.

6. Lt. Col. Andrews submitted his report to the Canadian Government on October 31. The report endorses the basic conclusions of the Wheeler Mission. It agrees, in particular, that the surveying and mapping of the river is an essential first step towards "the realization of the ultimate physical modifications to the river which will unlock its great potential service to the region." The only technical point on which Lt. Col. Andrews differs from the Wheeler Mission is that he would, for the present, concentrate all survey work on the main stem of the Mekong River, leaving work on the tributaries and virtually all of the detailed mapping of potential irrigation and drainage areas to be done at a subsequent stage. The total cost of the proposed first priority surveys and mapping operations is estimated by Lt. Col. Andrews to be $1.9 million. Since the United States is already committed to doing the basic control surveys, at a cost of $600,000, the residual cost would appear to be of the order of $1.3 million.

7. In determining whether this is a project in which Canada might undertake to participate under the Colombo Plan, the following considerations are relevant:

(a) Expenditures associated with economic development in South and Southeast Asia are generating a greater demand for food. Because the expansion of agricultural production in the area has not been adequate to meet this increased demand, it has had to be met largely by way

of imports. To the extent that such additional imports cannot be arranged on concessional terms they have exacerbated the pressure on scarce foreign exchange, often at the expense of imports of capital goods. This suggests that even greater priority will have to be given to the expansion of agriculture. The Mekong project will satisfy this requirement in that it is designed to promote agricultural development.

(b) There has recently been some discussion among the members of the Colombo Plan concerning the regional impact of national development programmes. In the Canadian view, as put forward at the recent Colombo Plan Conference at Seattle,[449] there is not only an overall shortage of resources available for development but there is also considerable competition in the claims upon these resources. One way of achieving a genuine saving in resources would be for national competition in the claims upon these resources. One way of achieving a genuine saving in resources would be for national development programmes wherever possible to take into account the interests of the region as a whole. The Mekong project appears to be a good example of a co-operative project that will yield benefits to more than one of the countries of the region. Indeed, because the Lower Mekong River Basin is one of the relatively uncongested areas of South and Southeast Asia (with a population density of only about one-quarter that of India, China, Java and Japan), it is likely to be one of the areas to which the rest of the region will look for an expansion of food supplies to satisfy the requirements of rapidly growing populations elsewhere.

(c) Because of the nature of the Mekong project, it has already involved a considerable degree of co-operative planning on the part of the four riparian states. It may be expected that, when the stage is reached for harnessing the river by constructing dams and other installations, the present four-power co-ordinating arrangements will be formalized into machinery along the lines of the International Joint Commission. In this way it is to be hoped that friction between the countries concerned over the use of the water resources of the Mekong can be held to a minimum. The difficult political situations that have been created by friction over the development of the Indus and Nile river systems illustrate the advantage of co-operative planning from the outset. A good deal of the credit for this in the case of the Mekong project must go to ECAFE.

(d) Much of the future planning in connection with the Mekong project will depend on the quality and completeness of the basic mapping and surveying that represent the first phase of the project. Canadian operators have had wide experience in the use of modern techniques for the surveying and development of resources at home as well as abroad. Moreover, the fact that Canadian companies have been operating abroad not only under Colombo Plan auspices but also on commercial contracts suggests that their services are competitive. Indeed, if it were decided that Canada should assume responsibility for the first priority phase of the surveying and mapping of the Lower Mekong River Basin, the experience gained by Canadian companies is likely to put them in a good position to participate in subsequent phases of this project and in other survey projects in the area.

8. The countries directly concerned with the Mekong project (Laos, Thailand, Cambodia and Vietnam) are all members of the Colombo Plan. Three of these countries are also countries with which Canada has formed particularly close contacts through our service on the International Truce Commissions in Indochina. So far these countries have not submitted to us a joint request for Canadian assistance in the development of the Lower Mekong River Basin and it has not been our practice, in the absence of such a request, to commit Canadian Colombo Plan funds to an economic development project. We have, however, been given to understand by the Executive Secretary of ECAFE that the four countries regard this as a project of high economic

[449] Voir volume 24, les documents 431 et 432./See Volume 24, Documents 431 and 432.

priority and that they would be prepared to submit a joint request for Canadian participation in the project if they were informally assured in advance that such a request would be received favourably. They met in Bangkok from December 15 to 18 as members of the Mekong Co-ordination Committee to review offers of external assistance and to agree on the appointment of an Executive Agent for the project to be financed by the United Nations Technical Assistance Administration. They are due to meet again in Vientiane from February 27 to March 4.

9. The sum allocated to non-Commonwealth countries under our Colombo Plan programme for 1958-59 is $2 million. At its meeting on September 7 Cabinet directed that aid to the non-Commonwealth countries in the current fiscal year should be mainly in the form of surplus agricultural products. Negotiations to this end are proceeding with the countries concerned. In the meantime it is clear that a project of the magnitude of the Mekong River survey and mapping will exceed the resources that are likely to be available for capital projects in non-Commonwealth countries this year. The fact is, however, that Aerial survey work could not, in any case, be undertaken before the winter months of 1959. Moreover, the survey and mapping would be spread over a two-year period and the cost of the project could therefore be charged against allocations available to these countries out of the 1959-60 and 1960-61 Colombo Plan appropriations.

10. In the light of these considerations I recommend that

(a) The Canadian Government agree, in principle, to undertake the first priority phase of the surveying and mapping of the Mekong River at a cost not to exceed $1.3 million;

(b) the sums required for this purpose be met from Colombo Plan appropriations for 1959-60 and 1960-61;

(c) Canadian participation in the project be subject to the submission of a joint formal request for Canadian assistance by Laos, Thailand, Cambodia and Vietnam;

(d) the recipient Governments be informed that Canadian assistance in the first priority phase of the project implies no commitment on the part of the Canadian Government to participate in any subsequent or ancillary phase of the project;

(e) the Executive Secretary of ECAFE be informed of the Cabinet's decision in the foregoing terms.[450]

SIDNEY SMITH

396. DEA/11038-11-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

[Ottawa], February 23, 1959

MEKONG RIVER PROJECT

I understand that the proposal for Canadian assistance to this project has been stood over by Cabinet for further consideration this week. I also understand that the reluctance of your

[450] Le Cabinet étudia cette note le 19 février. La décision fut reportée à la semaine suivante.
This memo was considered by Cabinet on February 19. The decision was deferred until the following week.

colleagues to agree to Canadian participation in this project was based not so much on the intrinsic merits of the project as on the fact that the benefits of the project would go entirely to non-Commonwealth members of the Colombo Plan.

I am concerned about the tendency to draw too sharp a line between the Commonwealth and non-Commonwealth countries associated in the Colombo Plan. While we have, in practice, allocated only three quarters of one percent of our total capital aid to the non-Commonwealth members of the Colombo Plan, I think it would be unfortunate if Canadian aid were, in fact, no longer to be available to these countries at all.

It seems to me that such a course of action would be most disturbing to our Commonwealth partners in Asia. While they value their membership in the Commonwealth, they are bound to think of themselves in the first instance as Asians. And as Asians they have a deep and abiding interest in the stability of their non-Commonwealth neighbours. Indeed, this is probably the main reason why the Colombo Plan was expanded so soon after its inception from a Commonwealth scheme into a scheme comprising among its membership all the self-governing nations of South and Southeast Asia. The only distinction which, I think, we can validly draw is that between free Asia and Communist Asia and it is in this context that Commonwealth countries like Malaya and even India are closely following the direction in which events are moving in the non-Commonwealth areas adjacent to them. I suggest, therefore, that we are doing our Commonwealth friends no favour by withdrawing access to Canadian aid from their non-Commonwealth neighbours in Asia.[451]

It is also worth noting, I think, what in fact has been happening in some of the non-Commonwealth countries that are members of the Colombo Plan. In Burma, for example, the Army has taken over responsibility from a government which it regarded as being too indulgent towards the local Communist party and too ingenuous in its relations with the countries of the Sino-Soviet bloc. One of the early consequences of this change of government has been the dismissal of all but a handful of Soviet experts who have been operating in Burma on tech-nical assistance assignments. Indonesia, to take another example, has recently been taking ac-tive steps to seek closer and more cordial relations with the West, including in particular Australia. The Indonesian commitment not to use force to settle the dispute over Western New Guinea has been a prominent ingredient in these developments. It is also of interest to recall that it was the Indonesian delegation which, at the recent Afro-Asian Economic Conference in Cairo, challenged the right of the Soviet delegation to be in attendance. While the delegation was admittedly a private one, the fact is that it was not disavowed by the Government on its return to Indonesia. All these, I suggest, are trends which we as Canadians have a clear interest in encouraging. In this context you may wish to remind your colleagues that our relative preference for the Commonwealth members of the Colombo Plan has been much greater than that shown by, say, Australia which has allocated £ A 2.2 million or just under 10% of its total capital aid and £ A 1.9 million or just over 40% of its total technical aid to the non-Commonwealth countries.

What applies to the non-Commonwealth countries in South and Southeast Asia generally applies with even greater force to the more limited area to be served by the Mekong River project. Three of the four countries included in this area (South Vietnam, Thailand and Laos) are fully committed to the free world and Thailand is also a member of the SEATO alliance.[452] It seems time that the least we can do is not to isolate further countries which are already to

[451] Note marginale :/Marginal note:
No more ex-Commonwealth unless agriculture. [Sidney Smith]

[452] Note marginale :/Marginal note:
X — Cambodia [Sidney Smith]

some extent isolated in their own region by reason of their close alignment with the Western world. This, I suggest, would be precisely the effect of withdrawing Colombo Plan aid from them. As you know, the United States have taken a very different line in this matter. From 1951 to 1958 their total economic aid, excluding military assistance and surplus commodities, to the countries associated in the Mekong River project has been about $1.5 billion. In the fiscal year 1958 alone the United States provided $24 million in economic aid to Thailand, $28 million to Cambodia, $31 million to Laos and $179 million to South Vietnam.

The submission to Cabinet lists the contributions which have already been made to the preliminary phases of the Mekong River project. These include a $2.2 million contribution from the United States and smaller contributions from France, New Zealand and Japan in that order. In addition the United Nations and a number of the Specialized Agencies are already involved in the carrying out of various investigations and surveys and the United Nations has also been asked to make available the services of an Executive Agent for the project. In my view this is intrinsically a good project. It has already promoted a substantial degree of co-operation among countries whose relations with one another have had their ups and downs. It is intended to raise living standards in an area where Canada may be said to be specially involved. And it also affords us a framework for helping countries (such as Laos and Cambodia) whose administrative machinery is really not adequate to accommodate an effective bilateral programme.

You may also wish to remind your colleagues that it is a project which Canadian firms are in an excellent competitive position to undertake and from which they might be expected to benefit in terms of commercial contracts in the area. It may be of interest to you that over 80% of the funds involved in the proposed Canadian contribution to this project would be spent in Canada, largely on salaries. Because there is at present some unemployment in the industry, Canadian air survey firms are anxious to undertake the Mekong River project which would enable them to keep their flying and ground personnel at work.[453] Indeed, I understand that if the Government were to decide in favour of Canadian participation in this project, a number of Canadian firms might agree to undertake the project as a joint venture so as to spread the benefits[454] as widely as possible through the industry.

The foregoing are some of the considerations which, it occurred to me, you might wish to place before your colleagues when they revert to the discussion of this project.

N.A. R[OBERTSON]

397. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], February 24, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair, (for morning meeting only)
The Minister of Public Works (Mr. Green), (in the chair for afternoon meeting only)
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks), (for afternoon meeting only)

[453] Note marginale :/Marginal note:
Planes and men. [Sidney Smith]

[454] Note marginale :/Marginal note:
What are these? [Sidney Smith]

The Minister of Transport (Mr. Hees), (for afternoon meeting only)
The Solicitor General (Mr. Balcer),
The Minister of National Defence (Mr. Pearkes), (for afternoon meeting only)
The Minister of Trade and Commerce (Mr. Churchill), (for morning meeting only)
The Minister of Justice (Mr. Fulton),
The Minister of National Revenue (Mr. Nowlan), (for afternoon meeting only)
The Minister of Agriculture (Mr. Harkness),
The Minister of Citizenship and Immigration (Mrs. Fairclough), (for morning meeting only)
The Minister of Fisheries (Mr. MacLean),
The Minister of Labour (Mr. Starr), (for afternoon meeting only)
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Macdonnell),
The Minister without Portfolio (Mr. Browne),
The Minister of Mines and Technical Surveys (Mr. Comtois), (for afternoon meeting only)
The Minister of National Health and Welfare (Mr. Monteith),
The Minister of Northern Affairs and National Resources (Mr. Alvin Hamilton),
The Secretary of State for External Affairs (Mr. Smith),
The Minister of Defence Production (Mr. O'Hurley), (for afternoon meeting only).

The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretaries to the Cabinet (Mr. Fournier), (Mr. Martin).

. . .

MEKONG RIVER PROJECT
(PREVIOUS REFERENCE FEBRUARY 19)

12. *The Secretary of State for External Affairs* said that he had now found out that over 80 per cent of the funds involved in the proposed Canadian contribution for the Mekong River project would be spent in Canada, largely on salaries. This would be over a period of two years. One Canadian aircraft would be employed to take photographs. The aircrew personnel thus involved would approximate 25. There would be expenditure in Canada on photographic materials. The balance of the contribution, approximately 20 per cent, would cover the cost of maintenance abroad of the Canadian personnel and of a few local employees. He noted that there was unemployment at present in the Canadian aerial survey industry, which included about 1,200 persons across the country. The firms were anxious to undertake this project in order to keep their flying and ground personnel at work.

He noted that, while the American participation was only $2.2 million as against Canada's $1.3 million, the United States, between 1951 and 1958 had spent $1.5 billion, excluding military assistance and surplus commodities, in the countries associated in the Mekong project. He repeated that three of the countries concerned, Thailand, Viet Nam and Laos were friendly to the west, while Cambodia was leaning towards Communist China.

13. *During the brief discussion* the points already raised at the previous meeting were reviewed. There was still strong opposition to providing Canadian assistance for the project, and it was felt that, if the decision were taken to approve the recommendation of the Secretary of State for External Affairs, it would be on the strict understanding that further assistance under the Colombo Plan provided to non-Commonwealth countries must take the form of surplus agricultural products.

14. The Cabinet,

(a) agreed with the recommendations of the Secretary of State for External Affairs:

(i) that the Canadian government undertake under the Colombo Plan the first priority phase of the surveying and mapping of the Mekong River at a cost not to exceed $1.3 million, to be met from Colombo Plan appropriations for 1959-60 and 1960-61;

(ii) that participation in the project be subject to the submission of a joint request for Canadian assistance by Laos, Thailand, Cambodia and Viet Nam; and,

(iii) that those governments be informed that Canadian assistance in this phase of the project implied no commitment on the part of the Canadian government to participate in any subsequent or ancillary phase of the project; and,

(b) decided that no further projects, other than the provision of foodstuffs from Canada, would be considered under the Colombo Plan outside the Commonwealth, to be charged to 1959-60 appropriations.[455]

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3E PARTIE/PART 3

LAOS

398. DEA/50052-B-2-40

Note du chef de la Direction de l'Extrême-Orient pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Far Eastern Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 8, 1958 [sic]

SITUATION IN LAOS

Following upon telegrams from Canada House and our Embassy in Washington[456] that disturbing political events — both internal and external — were taking place in Laos, I received the visit of Mr. D.R. Carlson of the American Embassy who came to inform us of the military situation on the Lao-North Vietnamese frontier and to express the hope that Canada would do what it could to "forestall" any attempt to use the present situation to try and reconvene the International Supervisory Commission in Laos.

2. According to the American Embassy in Vientiane, a North Vietnamese company has been entrenched 5 kilometers inside Savannakhet Province near the Vietnamese Demilitarized Zone, since December 14 and has rebuffed attempts by Laotian officers to parley. On December 31 Pham Van Dong sent a letter to Phoui Sananikone, the Laotian Prime Minister, complaining about violations of the North Vietnamese territory by Laotian aircraft and military units. Phoui replied forcefully, denying all the allegations, and has had a list of North Vietnamese incursions into Laos prepared, to be sent to the Secretary-General of the United Nations, for distribution.

3. The Laotian Foreign Minister told the American Ambassador that the North Vietnamese movements of troops were probably intended to help the Neo Lao Hac Xat during a critical period when the possibility of an Army coup, which would presumably dispose summarily of

[455] La participation canadienne au projet du Mékong fut annoncée à la Chambre des communes le 12 mars. L'accord fut signé à Phnom Penh le 19 octobre 1959. Voir « Étude du bassin du Mékong. » *Affaires extétieures*, Vol. 11, N° 12 (décembre 1959), pp. 392 à 396.
Canadian participation in the Mekong River Project was announced in the House of Commons on March 12. The agreement was signed in Phnom Penh on October 19, 1959. See "Mekong River Survey." *External Affairs*, Vol. 11, No. 12 (December 1959), pp. 396-400.

[456] London telegram 11, January 2,† and Washington telegram 7, January 2.†

the NLHX, is rumoured in Vientiane, and also to create a situation requiring the return to Laos of the International Commission.

4. It is in this latter connection that Mr. Carlson requested assurances that the Canadian Government would "forestall" any move in this direction. I repeated to him our basic stand on the matter: that the Laos Commission having been adjourned *sine die*, it could not be reconvened unless, as our Commissioner in Laos put it at the time of the dissolution, the rights of the Government of Laos were taken into account. The recent developments in Laos did not, in our preliminary view, warrant a reconvening of the Commission and we have no intention of agreeing that the Commission become involved with border disputes. It would not seem appropriate or useful, however, for us to take the initiative and approach any other party (i.e., the Indians) at this time in an effort to forestall a possible request.

R.E. COLLINS

399. DEA/50052-B-40

Extrait d'un télégramme du haut-commissaire en Inde au secrétaire d'État aux Affaires extérieures

Extract from Telegram from High Commissioner in India to Secretary of State for External Affairs

TELEGRAM INCHIN 6 New Delhi, January 8, 1959

CONFIDENTIAL. OPIMMEDIATE.

By Bag Saigon, Phnom Penh from Delhi.

RECONVENING OF LAOS COMMISSION

Note received today from Ministry of External Affairs transmitting request from Romaniecki, Polish Representative on Laos Commission to Bal, Indian Chairman, for convening of Commission. Note requests us to transmit Polish communication to you and seek your instructions regarding "designation of Canadian representative on Laos Commission and date on which he would be available for meeting of Commission in Saigon."

2. There was no repeat no high level approach to us on this matter before receipt of note. We had on Tuesday however prior notice of Polish Commissioner's request to Indians from James, Deputy UK High Commissioner, who was informed by Desai with whom he recently discussed UK draft of joint co-chairmen's reply to Chairman of Laos Commission.

. . .

5. Polish request does not repeat not mention any specific reason for convening the Laos Commission beyond the general arguments listed above. It is our impression from the way India handled this request including fact Desai did not repeat not call me in to discuss matter that they do not repeat not really expect Commission to be reconvened but are carrying out obligation to transmit Polish request in routine way.

6. We will simply acknowledge Indian note adding that it was transmitted to you. Copies of note and Polish communications sent to you by bag.

[C.A.] RONNING

400. DEA/50052-B-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM Y-1 Ottawa, January 9, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Telegram No. 11 of January 2.†
Repeat Washington, Paris (OpImmediate) (Information).
By Bag Saigon, Phnom Penh, New Delhi (from London).

SITUATION IN LAOS — RECONVENING OF COMMISSION

A variety of reasons have been advanced to explain the North Vietnamese incursions into Laos, such as to facilitate liaison with communist groups in Cambodia and South Vietnam, afford political support to the N.L.H.X. by attempting to deter an army coup and by threatening the Phoui Government; and to bring pressure for the reconvening of the Laos Commission. We would not be disposed to agree to reactivate the Commission on the basis of the latest developments in Laos and we have indicated this to the British, American and French here. Concerning the border incidents between Laos and Vietnam, the latest reports indicate that Pham Van Dong has proposed to Phoui that an official conference "of government delegations entrusted with all necessary powers to settle outstanding problems" be held in Vientiane or Hanoi. It would not appear, therefore, that the North Vietnamese's primary aim at the stage is to ask an international body to intervene.

2. As you will have seen from telegram No. 6 of January 8 from Delhi, the terms of the Polish request for a meeting of the Commission appear obviously designed to reverse the practical effect of the adjournment resolution. In our view the reasons advanced do not justify such a meeting. We still believe, that the provisions of the cease-fire agreement for Laos have been fulfilled and that the Laotians are right in wanting to refer their present difficulty with the Vietminh to the United Nations instead of to the International Commission. We have also committed ourselves not to agree to a reconvening of the Commission "unless the rights of the Government of Laos were taken into account." No new evidence has been presented indicating that the Laotian Government has done anything to justify the re-imposing upon it of the burden of a supervisory body. It has not requested it, and by all accounts, does not intend to do so.

3. Our reply to the Polish note will take into consideration these factors. We should be glad to have the Foreign Office's comments on our views before transmitting our reply to Delhi.

401. DEA/50052-B-6-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 22 New Delhi, January 19, 1959

SECRET. OPIMMEDIATE.
Reference: Your Tel Y-3 Jan 16/59.†

LAOS

Commonwealth Secretary M.J. Desai requested me to call today to say Indian Government considers new developments in Laos warrant reconvening of Commission.

2. Indians did not repeat not consider reasons given in Polish request sufficiently important to reconvene Commission as no repeat no grounds were given which did not repeat not exist at time of adjournment. I informed Desai I had received your reply stating we did not repeat not consider reasons enumerated by Poles warranted reconvening Commission.

3. Indians also did not repeat not consider Souphanouvong's request[457] warranted reconvening Commission. Desai said strong opposition representation in Parliament could air and obtain redress for grievances enumerated in letter. On January 14, 1959 however Parlia-ment was suspended for a year and machinery for redressing grievances no repeat no longer exists. This constitutes problem for consideration by Commission. Also incidents on border between Laos and North Vietnam near seventeenth parallel give additional cause for concern as this is strategic area where Laos meets both North and South Vietnam. Indians feel repetition of such incidents could become serious and result in renewal of hostilities.

4. Indians have been informed by their Ambassador in Vietnam that North Vietnam has charged RLG with violation of border on numerous occasions by aircraft and a raid into a border village when a Laotian soldier was captured who reported troop concentrations and RLG military plans. RLG had refuted these charges and made counter charges stating dispute should be referred to UN for settlement. Desai said submission to UN was useless as North Vietnam is not repeat not a member. If Laos brings matter to UN, India would be forced to take position that UN is not repeat not competent and that an International Commission exists which is not repeat not only competent but has responsibility for preventing outbreak of hostilities in area.

5. I reminded Desai that one important reason for adjournment of Commission was that RLG opposed continuation after political settlement and we had given notice we would not repeat not favour reconvening against wishes of RLG. I asked Desai what India's attitude would be in face of continued opposition by RLG to reconvene Commission. Desai replied if RLG prevented meeting of Commission in Laos after three governments concerned had reached decision to reconvene, then Commission could not repeat not meet and would no repeat no

[457] Le 11 décembre 1958, le prince Souphanouvong, chef du parti Neo Lao Haksat, écrivit au président de la commission internationale pour se plaindre de la répression des membres du Pathet Lao et demander une nouvelle séance de la commission.
On December 11, 1958, Prince Souphanouvong, leader of the Neo Lao Haksat Party, wrote to the Chairman of the International Commission, complaining of the repression of members of the Pathet Lao, and asking that the Commission be reconvened.

longer have responsibility in the situation. India feels obliged, he said, to make attempt to carry out international responsibility which has been accepted as Commission Chairman.

6. Desai expressed concern about American activity in Laos. He said Americans would probably oppose reconvening of Commission as they wanted a "free run in Laos." He added RLG attitude to reconvening Commission would be determined by the US.

7. Desai said that it was his own private opinion that if the RLG would accept Souphanouvong's suggestion that the RLG and North Vietnam governments have discussion about their differences it would be unnecessary for the Commission to reconvene. If the RLG under American advice refuses to have such discussions Desai sees no repeat no way out than to reconvene Commission.

[C.A.] RONNING

402. DEA/50052-B-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 23 New Delhi, January 20, 1959

SECRET. OPIMMEDIATE.
Reference: My Tels 20 Jan 17[458] and 22 Jan 19.

LAOS

I submit my own speculations on Indian motives and attitudes regarding International Commissions in Indochina in general and reconvening of Laos Commission in particular.

2. Krishna Menon no repeat no doubt still exerts considerable influence and is perhaps responsible for request made by Desai yesterday to reconvene the adjourned Commission. Desai, however, is still the chief designer and administrator of Indian policy in Indochina. Nehru backs him in sincere desire to fulfil India's international responsibility in Indochina. Indians take great pride in completing that task to the satisfaction of all concerned if possible; if not repeat not, at least to maintain the peace until some sort of de facto if not repeat not de jure agreements have been reached.

3. Indian attitude is complicated by fear of the extension of both USA and communist influences in the area. Most Indians support USA in any effective measures limited to control of local communists. They believe communists in power would effectively eliminate Indian influence in Indochina. They oppose, however, any USA efforts which go beyond control of local communists and they fear elimination of Indian influence by USA and the use of the area for military bases to operate against communist China.

4. It may be due to these fears that Krishna Menon has been able to persuade Nehru and Desai to reconvene Laos Commission. I doubt that Desai is seriously convinced that recent border incidents in themselves would cause renewal of hostilities or that elimination of parliament in Laos in itself is sufficiently important to warrant reconvening Commission. These developments plus report from their ambassador in Laos of increasing American influence and military aid decided Indians to press for reconvening of Laos Commission. Indians desire to

[458] Non retrouvé./Not found.

extend again a more positive influence on events in Laos through the presence of a Commission which would have deterrent effect upon activities of USA.

5. Krishna Menon may, of course, have his own special reasons for advocating this course. Communist press is giving him very active support. Russia and China unquestionably desire presence of Poles in Laos to hinder the USA from gaining ascendancy in Laos.

6. If these speculations, submitted for whatever they are worth, have any value in appraising Indian motives and attitudes regarding Indochina your decision regarding Laos Commission will have an effect beyond the boundaries of Indochina and will certainly be important in our relations with India. It will not repeat not please the Indians if you prevent reconvening the Laos Commission at the present time. We have however made it perfectly clear to the Indians that we have no repeat no intention of agreeing to reconvening the Commission unless it is desired by the RLG. The Indians, therefore, know exactly what to expect. I am certain that a firm and polite negative reply to India's request will be much less damaging to our relations than if we had dissolved the Commission by unilateral withdrawal last year. In replying it may, as you have suggested, be wise to give indication of our flexibility in case we should decide that a future meeting of the Commission is warranted. You may wish to give consideration to the suggestion made by Desai of possibility of discussions between RLG and North Vietnam as an alternative to reconvening the Commission.

[C.A.] RONNING

403. DEA/50052-B-2-40

Note du haut-commissariat en Inde
pour le ministère des Affaires extérieures de l'Inde

Note by High Commission in India
to Ministry of External Affairs of India

NOTE NO. 25 New Delhi, January 21, 1959

CONFIDENTIAL

The Office of the High Commissioner for Canada in India presents its compliments to the Ministry of External Affairs and has the honour to refer to the Ministry's Note No. F2(2)-AAIC/58 of January 5, 1959 transmitting a request from the representative of the Polish People's Republic on the International Commission for Supervision and Control in Laos requesting that the Commission be reconvened.

After careful consideration of the reasons submitted and the agenda proposed for a meeting of the Commission contained in the Polish letter and Aide Mémoire, the Government of Canada has arrived at the conclusion that reconvening of the Commission for Laos is not at present warranted.

Before the Commission's last meeting when it decided to adjourn *sine die*, the Commission had fully recognized the obligation of the Royal Laotian Government to adhere to Articles 6, 7, 8, 9, and 27 of the Geneva Agreement for Laos. When the decision was taken to adjourn, therefore, the Commission was satisfied that these provisions of the Agreement had been fully implemented in view of the political agreement reached and the supplementary elections held in Laos. Moreover the Commission's intention to adjourn had been reinforced by the Laotian

Government's statement of May 31, 1958[459] reiterating its undertaking to adhere to the provision of the Agreement regarding the introduction of fresh troops, armaments and munitions in Laos. The Canadian Government holds the view that these conditions, which prevailed at the time of the Commission's last meeting and which provided the basis for its decision to adjourn *sine die*, still obtain.

The Government of Canada cannot agree to the suggestion contained in the Polish communication that the secretariat should be re-established in Vientiane for the purpose of maintaining administration and co-ordination with the other Commissions since the Commission itself, convinced that its task had been fulfilled, has agreed to adjourn.

Regarding the alleged cases of discrimination reported in paragraphs 23 to 26 of the Fourth Interim Report, the Canadian Government recalls that the Commission had adopted a resolution of concern and transmitted the complaints to the Laotian Government.

Finally, the Canadian Government, aware of the Laotian Government's opposition to reconvening the Commission, regards as a serious matter any attempt to re-establish the Commission in Laos without the concurrence of the Laotian Government.

Before expressing its views on the letter of Prince Souphanouvong transmitted to this office by the Ministry of External Affairs under its note No. F2(2)AAIC/58 of January [5], 1959, the Canadian Government would prefer to wait until it has had the opportunity to study the full text of this communication.

The Office of the High Commissioner for Canada in India avails itself of this opportunity to renew to the Ministry of External Affairs the assurances of its highest consideration.

C.A. RONNING

404. DEA/7266-B-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM Y-25 Ottawa, February 11, 1959

CANADIAN EYES ONLY. SECRET. IMMEDIATE.

Repeat London, Washington, Paris (Immediate), Saigon, Phnom Penh (Priority) (Information).

LAOS

The French Embassy have informed us of proposals for intervention by the Secretary-General in the Laos/North Vietnam dispute which have been discussed between the Laotian and French representatives in New York and the Secretary-General. According to this account Hammarskjöld saw the Laotian representative yesterday. The Secretary-General told him that he could not act directly, as he had in the Cambodian/Thai dispute, because of the probable attitude of the DRVN; it would be necessary for him to have an intermediary. He suggested therefore that, if the Laotian Government agreed, he would consult the representatives in New York of the three governments who were members of the International Commission and would

[459] Voir/See *Foreign Relations of the United States, 1958-1960*, Volume XVI (Washington: United States Government Printing Office, 1992), p. 452.

see if they would agree to a proposal that the Secretary-General should send an observer to Indochina to investigate the Laotian/North Vietnamese dispute. The Laotian Ambassador is conveying this suggestion to his government.

2. The French representative later saw Hammarskjöld, who explained that he would see if he could get the Commission powers to ask the Laotian and North Vietnamese governments to accept the good offices of the Secretary-General. Georges-Picot, in a message to Paris, had recommended this solution on the grounds that it would:

(1) take account of the existence of the International Commission without resuscitating it;

(2) would establish a precedent for replacing the Commission by the United Nations;

(3) avoid direct contact between the North Vietnamese and the Laotians;

(4) it is more likely to be acceptable to the Americans than other proposals.

3. While this plan is ingenious and we like the idea of bringing the Secretary-General into the picture, nevertheless we can foresee some disadvantages in proposing it at this time. It seems unlikely that the Indians, Poles or North Vietnamese would agree to it. On the other hand there is a danger that it might spur the Indians and Poles to renewed efforts to reactivate the Commission. If this happened it would be unfortunate since they appear to have become reconciled to the Commission's continuing in adjournment. The French Embassy has told us of the proposal in confidence and therefore we do not think we can reveal our knowledge of it at this time. We may send you a message later however asking you to take the matter up with the French, since it is unlikely that they would wish to encourage anything which might result in renewed pressure to revive the Commission. It has occurred to us that it might be useful to hold this plan in abeyance and to use it, if the Laotian situation should again deteriorate, to counter Indian arguments for revival of the Commission. If the French or Hammarskjöld should approach you, this message will enable you to make preliminary comment.

4. We have told Earnscliffe in strict confidence about the Hammarskjöld proposal and our initial reactions to it.

405. DEA/50052-B-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 165 New York, February 11, 1959

SECRET. PRIORITY.

Repeat Washington, London, Paris, Delhi from Ottawa (Information).
By Bag Saigon from London.

LAOS

In the course of a talk which I had with the Secretary-General today, the latter expressed his satisfaction with the successful termination of the Beck-Friis Mission to Cambodia.[460] Mr. Hammarskjöld said that he wondered whether the pattern established in connection with this mission might not repeat not be repeated in other circumstances. He explained that he had in mind the Laos-North Vietnam situation. The Laotian Mission to the UN had approached him to express their concern about the position and this had led Mr. Hammarskjöld to think of the following possible approach to the question. He started from the position that it would be impracticable and undesirable to have a resumed session of the Commission. He thought however that it might be possible for the three member countries of the Commission to take some helpful action. They would not repeat not be acting as a corporate body, so that the question of the legal competence of the Commission and problems of voting need not repeat not arise. But if they were willing to do so, they might approach the governments of Laos and North Vietnam with the proposal that they would be willing to attempt to put in motion a "good offices" operation if the two governments were agreeable. They could either offer to approach the Secretary-General for his nomination of a "good offices" officer or the three members of the Commission themselves could attempt to agree on the nomination of such an officer. However, it was evident that the Secretary-General's inclination would be in favour of the former alternative. Mr. Hammarskjöld said that this approach would obviate any necessity for holding a session of the Commission, with all its obvious disadvantages. The members of the Commission would be acting because of their interest in improved conditions in the area.

2. The Secretary-General said that such a proposal would of course be dependent on the prior assent of the Laotian Government. In view of their strong objection to a renewed session of the Commission, it was possible that they would not repeat not wish to see its members play any role; on the other hand, he did not repeat not exclude the possibility that the Laotian Government might accept an approach of this kind. He had in fact tried it out in a very preliminary way on the Laotian Mission here and also on the French Mission, in view of their interest in Laos. The reaction had not been negative, but he expected to hear further from them on the subject. If they agreed, he would then propose to follow up the matter with the Indian and Polish Missions here and ourselves, in order to get the views of the three member governments

[460] Beck-Friis, envoyé en Indochine à titre de représentant personnel de Hammarskjöld, réussit à négocier le règlement du différend frontalier entre le Cambodge et la Thaïlande. En février 1959, les deux pays renouèrent leurs relations diplomatiques.
Beck-Friis was sent to Indochina as Hammarskjöld's personal representative, and successfully negotiated a settlement of the boundary dispute between Cambodia and Thailand. In February 1959, the two countries resumed diplomatic relations.

of the Commission. At the present moment, he explained that his mention of the subject to me was quite informal and confidential. He had not repeat not spoken of it to the Indians or the Poles, and did not repeat not intend to do so unless a favourable reaction was received from Laos.

3. Mr. Hammarskjöld remarked that in his view the Beck-Friis Mission to Cambodia had established that the Secretary-General had the legal right to dispatch such a mission without any explicit mandate from the Security Council. He did not repeat not contemplate a meeting of the Security Council over the Laos question, but considered that he could proceed on the basis of notifying the Council that he was despatching such a "good offices" mission, unless of course any member of the Council raised any objection. There was always a possibility of course that the Government of North Vietnam would not repeat not wish to have the UN play any role whatsoever on this question. Mr. Hammarskjöld said rather ruefully that at one time, when he had contacts in Peking, he might have been able to explore this situation directly, but as a result of "certain votes" in the UN he now no repeat no longer had any contact with Peking.

4. I expressed interest in the Secretary-General's proposals with regard to Laos and said that I knew you would wish to think them over. He agreed that in any event this would be a somewhat leisurely operation, both in terms of the prior negotiation necessary to setting up a "good offices" mission and in the implementation of its task. We both felt that this in itself was rather advantageous than the reverse.

[C.S.A.] RITCHIE

406. DEA/50052-B-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 391 New York, April 1, 1959

SECRET. OPIMMEDIATE.

Repeat London, Washington, Paris, Delhi from Ottawa (Priority), Saigon, Phnom Penh from Delhi (Information).
By Bag Kuala Lumpur from London.

INDOCHINA: SECRETARY-GENERAL'S PROPOSALS

I saw the Secretary-General at his request this morning as he said that he wished to raise with me an important question affecting Canadian policy with regard to the Laos Commission.

2. Mr. Hammarskjöld began by reviewing his general impressions of conditions in the whole area. He said that he felt as a result of his trip to that part of the world[461] that there were very grave dangers implicit in the situation which was developing there. It was essential that such states as Burma Laos and Cambodia should be retained as a neutral buffer and not repeat not forced into the position of allies or semi allies of the West and built up militarily for this purpose. China was both too powerful and too near to allow of such a development without producing explosive results. But in fact these states were becoming increasingly an area of cold

[461] Hammarskjöld séjourna à Vientiane du 9 au 11 mars à l'occasion d'une tournée en Asie.
Hammarskjöld visited Vientiane from March 9 to 11 during an Asian tour.

war activities for both sides. This was contrary to the real interests of the non communist world. The Americans were pursuing dangerous policies in this area in shipments of arms, building up of military forces and the widespread activities of their secret agents who had become involved already in some dubious and dangerous activities. He considered that the SEATO Alliance was in itself exercising an unfortunate influence in this area.

3. Turning to some of the individual states concerned, he said that Cambodia was in a shaky state so far as its internal stability was concerned. He also said that the outlook in Burma was hard to forecast but that he feared the influence of the "young colonels" associated with the present régime and doubted the possibility of a return to parliamentary institutions. He feared that the régime might develop into a dictatorship and that with their reckless spending they would have to turn increasingly to USA aid with strings attached. In this case there might well be a communist inspired incursion into the North and acute division with the country, with the present Burmese régime becoming a sort of "baby Chiang Kai Shek Government." He said that he was so anxious about the outlook in these countries and the policies which the USA was pursuing that he felt it would be his duty to speak to the USA Mission about his fears for the future.

4. Mr. Hammarskjöld said that the situation between Laos and North Vietnam should be viewed against this background and that any first step to relieve tensions between these two countries might be the beginning of a new approach to the problems of the area. He did not repeat not attribute great importance to the North Vietnam military activities on Laotian territory, nor did he imply that any danger of immediate conflict existed there. But he urged that early steps should be taken to attempt a settlement between the two countries in view of the considerations he had outlined.

5. Mr. Hammarskjöld then reverted to his memo of February 24 to the Indian Government, which he had handed to the Indian Permanent Representative.[462] He said that he had discussed this question in Delhi with Krishna Menon and Desai. He said that he had a high opinion of Desai's personal trustworthiness and ability and had explored with him the possibility of undertaking a mission of good offices between the two governments. Desai had replied that he could contemplate this within his capacity as Chairman of the Commission, but that it would be essential for him to have the formal authorization of the Commission and for this purpose it would be necessary that Canada and Polish representatives should be appointed and that the Commission should be convened for this purpose. It would be impossible for him to act otherwise. For one thing there was no repeat no possibility that his mission would be acceptable to the North Vietnamese régime unless he was acting under the authority of the Commission.

6. Arising out of these conversations in Delhi, agreement appears to have been reached between the Secretary-General and Desai that it would be desirable that the Commission should meet outside Laos, in fact in South Vietnam, for a formal session at which it would give approval to the good offices mission to be assumed by Desai. At a prior stage the Indians would sound out the Poles who would in turn get in touch with the North Vietnam authorities. Meanwhile the Secretary-General would speak to us.

7. Mr. Hammarskjöld earnestly asked that the Canadian Government should reconsider its position regarding the reconvening of the Commission for this purpose, as he felt that this offered a real opportunity to take a positive step forward towards a settlement. He said that

[462] Voir Permis NY à Ottawa, télégrammes 207† et 208† du 24 février, MAE 50052-B-40. Le télégramme 208 contient le texte de la note de Hammarskjöld.
See Permis NY to Ottawa, telegrams 207† and 208, February 24,† DEA 50052-B-40. Telegram 208 contains the text of Hammarskjöld's memo.

when in Laos he had sounded out the Laotian authorities on their general attitude towards the Commission without putting to them the plan which he had outlined to me. His impression was that the main difficulty of the Laotian Government arose from the fact that the North Vietnam incursion into their territory was a form of political pressure in connection with the suppression of Pathet Lao. Thus they feared that, if the Commission considered this matter, they would inevitably be led to take into consideration internal political conditions in Laos. The Laotian Government had expressed the utmost confidence in the Secretary-General and reliance on his judgment as to the steps which might be taken to achieve a settlement with North Vietnam. Mr. Hammarskjöld thought that they would find it very difficult ever to give an explicit blessing to a reconvening of the Commission for the purpose he had outlined, but he believed that they would not repeat not seriously oppose it if it took place outside their country and did not repeat not touch on the internal affairs of Laos.

8. I said that I would of course report to you the point of view which he had expressed and in particular his suggestion that we should reconsider our attitude with regard to reconvening the Commission for the purpose he had outlined. I said however that, speaking personally, certain difficulties did occur to me. In the first place, from our point of view, much would depend upon the attitude of the Government of Laos itself, which still seemed quite obscure. Mr. Hammarskjöld said that, if the Canadian Government was willing to consider his suggestion, you might feel it desirable to authorize him to inform the Laotian authorities that we were thinking of this possibility and to obtain their reactions. He could understand that it would of course be necessary for us to ascertain the views of the Government of Laos before agreeing to any further step. I enquired of the Secretary-General whether he had raised this question with the French in view of their interest in it. He said he had spoken of it to Couve de Murville in very general terms and that his reaction had "not repeat not been negative."

9. I then said that another question which occurred to me was whether, if the Commission was once reconvened for the purpose he had indicated, it would be possible to adjourn it again without complications, what was to prevent complaints from North Vietnam on totally different subjects being brought before a reconvened Commission? How was it proposed to restrict it to one formal session? I feared that, if the Commission was reactivated for this purpose, it might be difficult to restrict its activities. I asked what Krishna Menon's attitude on this aspect of the matter had been during discussions in Delhi. The Secretary-General said that Krishna Menon had been quite unreasonable and had, in discussing Canada's attitude towards the Commission, implied that we were acting on the advice of the UK Government. On the other hand, he was sure that Desai had no repeat no desire to reactivate the Commission except for the explicit purpose he had indicated. Desai would be acting, not repeat not as a representative of the Government of India, but as an individual and would therefore be independent of Menon in this matter.

10. The Secretary-General then said that he admitted that there were some risks involved in the course which he had outlined. He appeared to recognize the possibility that other matters might come up before the Commission if it once met again, although he did not repeat not believe that this was the Indian intention. On the other hand, he was so impressed by the dangers implicit in present developments in the area and the need to take a new approach that he hoped the Canadian Government would take a positive view of his proposal.

11. I was impressed by Mr. Hammarskjöld's analysis of the dangers implicit in the present situation in Indochina and the need to make a positive effort to reverse some of the current trends. On the other hand, there seem to be many unsatisfactorily vague aspects to the proposal he has put forward (quite apart from the fundamental policy considerations involved for us); e.g. the terms of reference of Desai's good offices, the assurances that the Commission would meet for one session only and for a specific purpose. No repeat no mention was made by the

Secretary-General of any relationship between Desai's mission and possible subsequent mediation under the auspices of the UN.

12. No repeat no doubt many other points will occur to you and I shall await your instructions. The Secretary-General spoke of his hope that we might be able to give him an early indication of Canadian views. I point out that the decision on this matter involved important policy considerations for us. The Secretary-General did not repeat not indicate whether he had discussed his proposal with the UK or the USA, but I got the impression that he had not repeat not done so.

[C.S.A.] RITCHIE

407. DEA/50052-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM Y-69 Ottawa, April 3, 1959

CONFIDENTIAL. OPIMMEDIATE.

Reference: Your Tel 391 of April 1.
Repeat Delhi (OpImmediate), London, Washington, Paris, Saigon, Kuala Lumpur, Phnom Penh (Priority) (Information).

INDOCHINA — SECRETARY-GENERAL'S PROPOSALS

We shall, of course, give serious consideration to the Secretary-General's proposals, since we share his general outlook on the situation in Southeast Asia and his concern about the threats to stability in the area. His proposals raise various difficulties, of course, and we are glad to see that you put some of these to him at once.

2. We note that there are considerable differences between the suggestions contained in Hammarskjöld's memorandum of February 24 to the Indian representative in New York (your message 208 of February 25)† and his present plan and that also a somewhat different account of what the Secretary-General has in mind was given to Ronning by Desai (Delhi's message 179 of April 1).† Before coming to a decision we shall have to clarify the matter further, since reconvening the Commission would be a very serious step for us and we would have to be sure precisely for what purpose it might be reconvened. At a later stage we shall wish to consult with the United Kingdom.

3. We should be glad if you would see the Secretary-General and obtain his comments on the following points:

(a) Desai is reported to consider that there would be no possibility that his mission would be acceptable to the North Vietnamese unless he was acting under the authority of the Commission. It seems doubtful that the Laotians would agree to a formal identification of the Commission with any mediation effort. This is the dilemma which appeared to have been met rather neatly in the terms of the Secretary-General's memorandum of February 24 to the Indians.

(b) The Secretary-General now seems to be thinking in terms of Desai as a single mediator in a "personal" capacity as "chairman." Has the idea of a single Indian mediator superseded the various alternatives for mediation presented in the Secretary-General's memorandum to the Indians? Is it the Secretary-General's impression that the Indian Government would appoint

Desai as Chairman of the Commission for the specific purpose of mediation? We have noted with regret but without surprise the reported attitude of Krishna Menon and this adds to our belief that it would be very difficult for Desai to act in a personal capacity or for us to obtain from the Indians concrete assurance that Commission action would be confined to the single point of mediation of the trouble with the North Vietnamese and that the Commission would be prevented from trying to deal with Laotian internal affairs.

(c) The divergencies between the Secretary-General's proposals as outlined to our representatives in New York and New Delhi leave the situation unclear but we have the impression that what is now proposed is that the Commission should meet to nominate Desai as mediator. This is a significantly different approach from that of the Secretary-General's memorandum to the Indians, which suggests that the role of India should be to confer with the two Indochinese governments concerned to see what best could be done to mediate the dispute between them. It is important to have this point clear as it concerns the purpose for which the Commission might be reconvened. As an initial reaction we have thought that a return to the principles of the Secretary-General's memorandum to the Indians might be safer and that the Commission might meet to recommend what should be done to meet a situation where one of the parties thinks that the Commission should be concerned, while the other party thinks that the matter should be referred to the United Nations.

408. DEA/50052-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 199 New Delhi, April 7, 1959

SECRET. OPIMMEDIATE.

Reference: Your Tel Y-69 Apr 4 to Permis New York.
Repeat London, Washington, Paris, Permis New York from Ottawa, Saigon, Phnom Penh (Priority) (Information).

INDOCHINA — SECRETARY-GENERAL'S PROPOSALS

I called on Desai yesterday to clarify my understanding of his report to me on the discussions with UN Secretary-General (my telegram 179 April 1).†

2. Desai said very definitely he could not repeat not himself accept an appointment to act as mediator in the dispute between North Vietnam and Laos. That would, he said, be impossible as it would "cut across the lines" of their proposal and could be interpreted as mediation by Indian Government.

3. Indian suggestion was that a reconvened embryo (Laotian?) Commission might agree that the chairman in his capacity as Secretary-General of the Commission should explore ways and means of mediation. The Commission as such would consider the recommendations but would not repeat not itself undertake the task of investigation.

4. To carry out Indian suggestion it would therefore be necessary as a first step, said Desai, for each of the three powers concerned to name a commissioner so that embryo Commission could function.

5. In reply to my question Desai said business of embryo Commission could be confined solely to consideration of mediation of dispute between North Vietnam and Laos, but he could not repeat not guarantee that one or other of the disputants would not seek to introduce extraneous matters. The Commission, however, could refuse to be diverted by such attempts and the Indian desire would be to confine consideration strictly to means of settling the dispute.

6. Desai was very emphatic in stating that India would join Canada in preventing the Commission from going to Laos unless invited by RLG.

7. I asked Desai how he proposed to deal with problem of mediating between two parties — one opposing mediation by the Commission and the other refusing mediation by UN. He replied that would be main problem for the Commission. His own feeling was that if Commission would authorize Secretary-General of the Commission to act, both parties could be persuaded to accept proposal as initial step.

8. Desai expressed opinion it was most unlikely that North Vietnam, not repeat not being a member, would accept mediation by UN.

9. I asked Desai when and under what circumstances he thought the three commissions could all be withdrawn from Indochina. He replied they could be terminated whenever the USA and USSR reached agreement to that effect. The co-chairmen had the power, he thought, to withdraw the commissions whenever it was considered the Geneva agreements had been fulfilled to the extent they are possible of fulfilment in the present situation. If the co-chairmen needed an excuse to terminate the work of the commissions, they could persuade the USA and the USSR to admit both North and South Vietnam to UN membership thus making continuation of commissions unnecessary. Desai then suggested that termination of the commissions in Indochina might be placed on agenda of proposed foreign ministers meeting or the summit meeting itself. Desai also suggested that Canadians might sound out Poles about this possibility.

10. My own view is that Hammarskjöld perhaps misunderstood in an attitude to his own proposal and therefore came to the conclusion that Desai himself would be available when Indians emphasized the mediator authorized by embryo Commission would act on his own initiative and not repeat not as Head of the Commission. Hammarskjöld probably thought Indians proposed that an embryo Commission would be reconvened merely to endorse Desai himself as initial mediator leading perhaps to ultimate mediation by UN. I am certain the Indians have no repeat no such intention. They will insist that as far as they can go is to permit the Secretary-General of Commission to make investigations without dragging the Commission as a whole into an area where the Commission is unwelcome to one of the parties concerned.

11. In regard to the problem of how long the International Commissions should continue in Indochina I have been wondering for some time whether we should not repeat not be more concerned about getting all of the commissions withdrawn from Indochina rather than merely to obtain adjournments *sine die* of the commissions in Laos and Cambodia and reductions in Vietnam Commission and its team. If, in addition to our attitude that the work of the commissions in Laos and Cambodia has been completed we believe that the Commission in Vietnam is rapidly approaching the time when it is no repeat no longer the main factor or even essential for the maintenance of the status quo in that area, we should perhaps be exploring the possibility of moving towards final termination of the whole International Commission structure in Indochina.

12. In Desai's conversation with me he indicated that the Indians are prepared to consent to termination of the commissions if the co-chairmen reach a decision to this effect, with or without the condition that both North and South Vietnam be admitted to UN membership. You may wish to explore the possibility of bringing this subject to the attention of the coming big

powers foreign ministers meeting or, if necessary, the summit meeting itself. You may wish to sound out the Poles in Ottawa and/or Warsaw as an initial steps.

13. I have been of the opinion for some time that as long as we refuse to meet Indian wishes to reconvene the Laos Commission they will stubbornly refuse to consider any proposal regarding adjournment of Cambodian Commission or reduction of Vietnam Commission. If, as a result of your soundings as of the possibility of terminating all the commissions you find this idea feasible you may wish to consider as an initial tactic the advisability of yielding to the Indian desire for an embryo Laotian Commission in Saigon in the hope that the Indians will consent to a similar arrangement for Cambodian Commission. If, on the other hand, you find that the Russians are unalterably opposed to the termination of the Commission except on the condition of admission of both North and South Vietnam to membership in UN and the USA is unalterably opposed to any such condition, we would perhaps be better advised to continue our policy of refusal to reconvene Laos Commission as long as we consider a meeting is unwarranted and the RLG opposed.

[C.A.] RONNING

409. DEA/50052-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM Y-86 Ottawa, April 22, 1959

SECRET. CANADIAN EYES ONLY. PRIORITY.

Reference: Our telegrams No. Y-69 of April 3 and Y-72 of April 10.†
Repeat London, Washington, Paris, Permis New York (Priority) (Information).
By Bag Saigon, Phnom Penh, Kuala Lumpur from London.

LAOS — MEDIATION PROPOSALS

Ritchie and Holmes met the Secretary-General in New York on April 17, in order to discuss the present state of the proposals. It was evident that Hammarskjöld has been much impressed by the success of the Beck-Friis mission in resolving the quarrel between Cambodia and Thailand and that this has influenced his approach to the Laos-North Vietnam dispute despite the different circumstances.

2. The Secretary-General is concerned about the dangers of a clash between the Communists and the Americans in the area. He expressed apprehension about the dangerous games being played by the "quiet Americans."[463] Holmes and Ritchie contrasted the troubles which sometimes arise from the attitudes and intentions of the US military with the sensible views on Indochina which we have usually encountered in Washington and observed that we had learned to be sceptical of the French as a source of information on this subject.

3. With regard to the dispute between Laos and North Vietnam, Hammarskjöld emphasized that the Laotians would not consider negotiations with the North Vietnamese for fear that the latter would then seek to speak for the Pathet Lao. He confirmed his understanding that the Laotians, although formally against any meeting of the Commission on their soil, would be

[463] Allusion au roman de Graham Greene, *The Quiet American*, publié en 1955.
A reference to Graham Greene's novel *The Quiet American*, published in 1955.

prepared to disregard a meeting in Saigon for procedural purposes and to accept mediation limited to the border dispute. He also stressed that, as far as he was concerned, the purpose of mediation would be purely and simply to consider the boundary question. As to the Indian position, he repeated his understanding that Desai himself would be available as a mediator, that Desai realized the Commission would meet only for the procedural job of appointing someone to mediate, and that the mediator would not merely consult with Hanoi and Vientiane on the setting up of machinery for this purpose but would himself go to work on seeking a solution for the border dispute. Hammarskjöld is still under the impression, despite what the Indians have said to our High Commissioner in New Delhi, that Desai would mediate in a personal capacity as a "Secretary-General" (not Chairman) of the Commission and he seems to think that the Indian Government would appoint Desai to the Commission for this purpose. Hammarskjöld talked of the advantages of by-passing Krishna Menon's mischievous interference so far as possible.

4. It was pointed out to the Secretary-General that there were several aspects of the position as it now stood which worried us, apart from the question of whether there was sufficient heat left in the dispute to justify this tricky exercise. While we certainly would not take a narrow-minded or legalistic attitude towards any reasonable proposal for establishing mediation, we would have to be assured that there was a clear understanding between himself, the Indians and the Laotians on the exact role of the Commission in the exercise and on the scope of the subjects with which the mediator would be concerned. In general, however, we were happy with the Secretary-General's interest in the matter for two reasons. It provided us with a possible means of avoiding the dilemma caused by our dispute with the Indians over reconvening the Commission. Furthermore, it indicated a possible transition from responsibility by the commissions for peaceful relations in Indochina to responsibility by the United Nations.

5. Hammarskjöld replied that he fully recognized our need for precision and said he would write Desai personally to clarify the matter. He would also approach the Laotians once more, probably through their Foreign Minister. He did not directly answer the enquiry as to whether the state of the dispute made the effort of mediation really worthwhile now. His attitude seems to be, however, that there is a genuine border dispute; that he has personally been seized of it; and that he has to do something about it.

6. The Secretary-General is clearly not going to hurry matters. His further enquiries will take some time and, from our point of view, this is probably all to the good. He said that it was important for him to know that we would consider co-operation in a mediation proposal if the conditions were right and it seemed that something useful could be accomplished. (In this regard, Holmes and Ritchie emphasized that the views they had expressed were on the official level).

410. DEA/50052-B-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], May 22, 1959

LAOS — INTERNATIONAL COMMISSION

In a previous memorandum† [May 1] I informed you that negotiations had been proceeding between the Indians, the Laotians and the Secretary-General of the United Nations, concerning

the possibility of arranging for a meeting of the Laos Commission outside Laotian territory for the specific purpose of assisting the Secretary-General to use his good offices to mediate the border dispute between Laos and North Vietnam. The Secretary-General has now asked our Permanent Representative in New York whether, under certain conditions, Canada would agree to appoint a representative to the adjourned Laos Commission, so that that body might facilitate Mr. Hammarskjöld's mediation effort. We have avoided taking a positive position because of our reluctance in principle to seeing the Commission reconvened unless it was clear that it could accomplish a useful purpose and pending clarification of the apparently divergent attitudes of the Indian and Laotian Governments towards the role of the Commission in the mediation proposals. Moreover the border dispute between Laos and North Vietnam now seems to have diminished. A further complication has now been introduced by the difficulties being experienced by the Laotian Government in bringing about the integration into the National Army of two battalions of former Pathet-Lao forces, a matter about which I sent you a memorandum on May 19.†

Since Mr. Hammarskjöld had requested a formal definition of the Canadian position, I attach for your consideration the suggested text of a Note Verbale which, if you approve, could be given to him by our Representative in New York.[464]

N.A. R[OBERTSON]

411. DEA/50052-B-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM Y-130 Ottawa, May 25, 1959

SECRET. IMPORTANT.

Reference: Our Tel Y-129 of May [25].†
Repeat Washington, London, Paris, Delhi, Saigon, Kuala Lumpur, Phnom Penh (Routine) (Information).

LAOS — MEDIATION PROPOSALS

Following is text of Note Verbale. Begins: "The Secretary-General is aware that the Canadian authorities, sharing his concern about the situation in Southeast Asia, regard sympathetically his efforts to mediate the border dispute between Laos and North Vietnam and that they wish to encourage his interest in Indochina. To this end they hope that some suitable formula might be found which could permit those powers which are members of the International Commissions for Indochina to assist the mediation proposals. So far as the Laos Commission (now adjourned *sine die*) is concerned, there is the necessity of reconciling the apparently divergent views of the Indian and Laotian Governments regarding the role of the Commission.

2. The Secretary-General enquired whether, "in view of the positive position taken by Laos," the Canadian Government would be prepared to appoint a representative to the Commission for the purpose of assisting mediation, if certain conditions were met, i.e. that "(a) the Indians were

[464] Note marginale :/Marginal note:
Note verbale approved by PM May 25/59. H.B. R[obinson]

willing to allow Desai to exercise the functions suggested; (b) the Poles were willing to agree to the proposed procedure; (c) there was a common understanding as to the proposal he had outlined." The Canadian Government would favourably consider a meeting of the Commission for the specific purpose of assisting the mediation proposal under the conditions mentioned by the Secretary-General and if the attitude of the Laotian Government were such as to suggest that a Commission meeting would have the desired effect. It has reason to believe, however, that since the Secretary-General's discussion on April 28 with the Canadian Permanent Representative to the United Nations,[465] the attitude of the Laotian Government has changed and that Laos may now be opposed to any involvement of the Commission in the proposed mediation. Moreover, it is understood that the Commonwealth Secretary of the Indian Department of External Affairs has now let it be known that he would not, himself, be available for mediating the Laos-North Vietnam dispute.

3. In the meantime another factor has arisen, which further complicates the situation so far as the question of reconvening the Laos Commission for the specific purpose of assisting the mediation proposal is concerned. The Secretary-General is doubtless aware of the difficulties resulting from the refusal of the two battalions of former Pathet-Lao forces to accept integration into the national army under the terms decreed by the Laotian Government. This dispute and the consequent placing of former Pathet-Lao leaders under police surveillance in Vientiane has a direct bearing upon the political and military settlements made between the Laotian Government and the Pathet-Lao in November 1957 in accordance with the Geneva agreements. These circumstances, while increasing the pressure for the reconvening of the International Commission, make it most unlikely that, if the Commission were to meet at the present time, it would restrict its discussion to mediation of the dispute with North Vietnam and would not become involved in matters concerned with the internal affairs of Laos.

4. Any reconvening of the International Commission for Laos at the present time is therefore likely to have much broader implications than would be entailed in a meeting solely to explore mediation between Laos and North Vietnam. These would, of course, have to be taken into account in any final decision regarding Canadian participation in a meeting of the Commission to facilitate mediation of the Laos-North Vietnam border dispute." Ends.

412. DEA/50052-B-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour la Direction de l'Extrême-Orient

Memorandum from Assistant Under-Secretary of State for External Affairs to Far Eastern Division

CONFIDENTIAL [Ottawa], May 26, 1959

DIFFERENCES WITH INDIA OVER LAOS

I have been wondering if we might consider a new approach to the question of our differences with the Indians over the future of the International Supervisory Commission for Laos. Our differences with them are worrying not only because of our responsibilities in Indo-China but also because they may gnaw away at the good relations between our countries. One of the difficulties, I feel, is that we have been arguing for the most part on specific issues. We have both perhaps been a little legalistic and, because we are sparring over an immediate problem, neither of us has been entirely candid. We ourselves have certainly not been dishonest

[465] Voir/See Permis NY to Ottawa telegram 507, April 28.†

with the Indians but we have perhaps not disclosed our full hand. Would there be advantage for us, at this stage, in inviting the Indians to sit down for a thorough discussion not of the limited problem of the Laos Commission but of the future of Indo-China and of the best contributions which our two countries and the Commissions as a whole can make in that area? Even though there are undoubted differences of emphasis and interpretation, I think that there has always been a good deal in common in our views about Indo-China. We both, for instance, accept the fact that Cambodia and Laos will be much wiser to pursue discreetly neutral foreign policies and not form provocative alliances or follow adventurous foreign policies. We would both be agreed, I should think, that the least of all evils for Vietnam is to preserve for the time being the *status quo* and hope that a rapprochement may come with a reduction of tension. We would both, furthermore, I think, see the role of the Commission as a stabilizing force, increasingly symbolic in function. We should probably disagree considerably in our interpretation of what American and Chinese policies are in the area but I think we might agree on what they ought to be.

2. If this is the case, it may be worth while at this stage to acknowledge our agreement on principles and see how those principles can best be applied to the work of the Commissions and in particular to the question of the re-activization of the Laos Commission. I have always considered that the Indian argument over the Laos Commission was a respectable argument which we had to reject, not because it was entirely untenable but because, after due consideration, our argument seemed better. The Indians want the Commissions to keep operating because they consider them absolutely essential to maintain the Geneva framework in the area and not allow the precarious peace which exists there to be torn apart by outside pressures. In principle, I find it hard to reject this argument. In practice, however, we are faced with the difficulties provided by the attitude of the Laotian Government. This practical difficulty is more considerable because we also see logic in the position of the Laotian Government and believe that it is not in the best interests of security in the area to force the countries in it to live indefinitely within an imposed régime which was intended to be temporary. The Indians do not deny the practical difficulty provided by the attitude of the Laotian Government but they seem unable to rid themselves of the illusion that this is artificial thinking stimulated by the Western Powers, possibly with Canadian collusion. Our argument over this point has tended to lead us into sterile disputation over the Geneva terms. It seems to me that a good case could be made out for the Indian, Canadian or Laotian position from the terms of the Agreements. We should rather move away from this argument, to try to consider with the Indians exactly what action on the part of India and Canada rather than of the Commission could best contribute to the maintenance of the Geneva peace in Indo-China. We could ask the Indians what in practical terms they would expect to achieve, for example, by meetings of the Laos Commission in Saigon and point out to them the dangers that we see of such action by the Commission provoking the Laotians, the Chinese and the Americans to the kind of action we are most anxious to avoid. We might try to convince the Indians that they have an important role to play in Laos as a friend and neighbour as distinct from their position as Chairman of the Commission, although I fully realize that the Hammarskjöld exercise has proved how difficult it might be to convince them of this fact. It would be unusual, but is it unconceivable that we might even agree to make joint representations in Washington, London and Paris. In so doing, we might convince the Indians that the best way for us to work together to achieve what we both want in Indo-China is not necessarily to reiterate the orthodox claims of the International Commissions.

3. Before venturing on these consultations, we would of course have to work out our arguments very carefully. We would not want the Indians to pull us into dangerous commitments by the skill of their argument. Nevertheless, I think we should be prepared to accept the consequences of the debate. Even if it ended without full agreement on tactics, it does seem to me that the exercise would help somewhat to restore confidence.

J.W. HOLMES

413. DEA/50052-B-2-40

Le haut-commissaire de l'Inde au premier ministre

High Commissioner of India to Prime Minister

Ottawa, May 28, 1959

Excellency,

I have the honour to state that I have been instructed to convey to you the following message from the Prime Minister of India:

"My dear Prime Minister,

As you know, both Canada and India readily responded to the request of the Co-Chairman of the Geneva Conference and undertook, along with Poland, the arduous task of controlling and supervising the execution of the Geneva Agreements on Indo-China and making our contribution towards the maintenance of peace in the IndoChina States which had been ravaged by conflict for several years. We have in association with your country carried on this task for nearly five years though this has involved considerable strain on our limited resources of trained manpower and finances.

The developments in Laos in the last few months and the serious deterioration in the relations between the Royal Laotian Government and the Government of the Democratic Republic of Viet Nam has created a grave situation. The present situation and the trend to conflict involves far-reaching consequences not merely for Laos but for all the Indo-China States — and I may add, for South East Asia.

In view of the gravity of the situation and its rapid deterioration, I have today addressed messages to the two Co-Chairman of the Geneva Conference. Copies are being airmailed separately for your information.

I met Mr. Hammarskjöld in Delhi in March on his way back from his visit to Laos, Cambodia and some States in South East Asia. He gave me his appreciation of the situation in the Indo-China States. I gathered from him that it was his considered view that, free from the intervention of the power blocs, the Indo-China States should be enable to concentrate on their economic and social development plans remaining non-aligned with either of them. He must have mentioned this to you as well.

You will recall that after much negotiation we came to agreement to adjourn the Commission *sine die* and that it may be reconvened in accordance with the normal procedure. As Chairman country, it is our duty to desire to reconvene the Commission in the normal way. We can do this if Canada appoints her Representative to the Commission as repeatedly requested by us.

In view of the prevailing situation which can and may easily degenerate into actual conflict and spread, I would most earnestly request you to take immediate steps to appoint the Canadian Representative on the Laos Commission so that our Representatives on the Commission

can take necessary measures to ease the tensions and conflicts that prevail and continue their contribution towards the maintenance of peace in Indo-China.

With kind regards,

Yours sincerely,

JAWAHARLAL NEHRU."

I avail myself of the opportunity to convey to you, Excellency, the assurances of my highest consideration.

C.S. VENKATACHAR

414. DEA/50052-B-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 661 New York, May 29, 1959

SECRET. OPIMMEDIATE.

Repeat Washington, London, Paris, Delhi from Ottawa (Information).
By Bag Saigon, Kuala Lumpur, Phnom Penh from London.

LAOS MEDIATION PROPOSALS

The Secretary-General asked me to come and see him today and showed me a letter dated May 27 which he had received from Prime Minister Nehru on the subject of the reconvening of the Laos Commission. Mr. Nehru began by referring to the conversations which the Secretary-General had had with Desai in Delhi on this subject and went on to express the view that the situation in the area was one of increasing gravity which made it all the more desirable that the Commission should be reconvened to initiate mediatory action in the case of the Laos Vietnam dispute. Mr. Nehru after referring to the unfortunate effects of the increased activities of the "two blocs" in the area went on to specify that he had received reports of the Americans sending telecommunications equipment, trucks and "military technical personnel" dressed as civilians to Laos.

2. Mr. Nehru then referred to disturbances inside Laos in connection with the integration of the Pathet Lao and to reports of the massing of North Vietnam forces on the borders of Laos.

3. Mr. Nehru went on to urge the Secretary-General to use his influence to obtain an early reconvening of the Laos Commission to consider developments "within Laos" and on its borders. Mr. Nehru added that he was writing separately to the Prime Minister of Canada and to the two co-chairmen of the Geneva Conference.

4. In commenting upon this communication, the Secretary-General said that he was much impressed by the fact that Mr. Nehru should personally have taken this action in writing to him, which emphasised the great gravity with which Mr. Nehru viewed the situation in Indochina, a view which the Secretary-General shared. He added that he would not repeat not be surprised to find that this action of Mr. Nehru was related to Chinese-Indian relations which were going through a very delicate and difficult stage. Mr. Hammarskjöld said that, while he appreciated the difficulties of reconvening the Commission, he also considered that there were certain difficulties and perhaps dangers in a policy of inaction. He himself, as Secretary-General, had his responsibilities. It would be more than awkward if the Indian Government were in a position to

say that they had warned us of the dangers inherent in the situation should some explosive outcome develop from the present events in and around Laos.

5. I pointed out to the Secretary-General that there appeared to be a strong implication in Mr. Nehru's letter that events inside Laos which would be regarded by the Laotians as their own domestic affairs should be part of the Commission's field of activities. I felt confident that the Laotian Government would not repeat not consent to this as the Laotian Ambassador had spoken to me only yesterday in the strongest terms along the line that developments arising from the integration of Pathet Lao were a purely internal Laotian matter and could not repeat not be dealt with by the Commission.

6. I went on to say that while we had felt a great deal of concern about possible trouble in the area, it was hard to see how a meeting of the Commission in itself would bring about any improvement, and if its agenda were to include the internal affairs of Laos etc. it might in fact lead to deterioration of the situation. What was needed was diplomatic negotiation and conciliation rather than session of the Commission in the circumstances.

7. The Secretary-General asked me to let him know when the Prime Minister received the communication to which Mr. Nehru had referred in his letter, and if possible to give him some idea of its contents.[466] He said that for his part he proposed first of all to see the Laotian Ambassador and get his estimate of the situation in his country and on its borders and that before replying to Mr. Nehru he would hope to be further in touch with us and to obtain the Canadian Government's reactions.

[C.S.A.] RITCHIE

415. J.G.D./XII/A/443.5

Le premier ministre
au premier ministre de l'Inde

Prime Minister
to Prime Minister of India

Ottawa, June 2, 1959

My dear Prime Minister:

Your High Commissioner has forwarded to me your letter about Indochina.

I also am disturbed about the potential dangers of the situation in Laos. I recognize and value the co-operation of India and Canada in maintaining conditions of peace in Indochina, and I agree that we must continue to do what we can to see that the peace is not broken.

It is true that, when the Commission adjourned *sine die* last July, the formula used was that it might be reconvened according to normal procedures. The Canadian Commissioner stated at that time, however, that Canada could not agree to any future Commission action which would infringe upon Laotian sovereignty. I am convinced that Laotian opposition to renewal of the Commission is very real and strong and cannot be ignored without dangerous consequences. It has been the Canadian view that, although the Laotian Government should live up to its own undertakings to act in conformity with the Geneva Agreements, it would not be logical, after the achievement of the political settlement with the Pathet-Lao, to regard those Agreements as having been intended indefinitely to impose restrictions upon the sovereignty of the Laotian

[466] Note marginale :/Marginal note:
Let Howard[?] [Green] know substance. [J.G. Diefenbaker?]

Government through continued activity of the International Commission. I believe that the Laotian Government has not broken the Geneva Agreements but has generally striven, in the face of a very difficult internal situation, to conform to them. What I fear, if the Commission were to meet to deal with Laotian matters despite the opposition of the Laotian Government, is that Laos might even be driven to denounce the Geneva Agreements and withdraw its undertaking to act in accordance with them. This, it seems to me, would be a serious matter and would have very harmful results.

You mention Mr. Hammarskjöld's view that the Indochina states should be enabled to develop free from the intervention of the power blocs. I am in agreement with this opinion and it is in line with the policies which the representatives of India and Canada have together tried to evolve in the Commissions. The present troubles over the integration of the two ex-Pathet-Lao battalions seem to me to be an internal matter but the deterioration of relations between Laos and North Vietnam is certainly worrying and could have wide implications. Canadian representatives have been in touch with Mr. Hammarskjöld about this and have informed him that Canada would favourably consider a meeting of the Commission, under agreed conditions, for the specific purpose of assisting his mediation proposal, if the attitude of the Laotian Government were such as to suggest that a Commission meeting would have the desired effect. The present troubles with the ex-Pathet-Lao troops would of course be a complicating factor.

In the meantime, given the attitude of the Laotian Government towards reconvening the Commission, what is to be done to ease the situation? I am concerned at the strident Chinese and North Vietnamese reactions to the affair of the two battalions. I understand that the terms of integration offered by the Laotian Government were fair and reasonable. I understand that the British, French and Americans, conscious of the dangers which exist, have urged moderation upon the Laotian Government in its dealing with the former Pathet-Lao, and representtatives of the Canadian Government have taken steps to let it be known that Canadian views are also in this direction. I hope very much that the great influence of India will be brought to bear to alleviate the stresses which exist between Laos and its northern neighbours.

I have replied to you frankly and at some length because I share your anxiety about the way things are going in Indochina and I hope, therefore, that we may continue to exchange views as to how best to deal with the situation.

With kind personal regards,

Yours sincerely,

J.G. DIEFENBAKER

416. DEA/50052-B-2-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 686 New York, June 4, 1959

SECRET. CANADIAN EYES ONLY. OPIMMEDIATE.

Reference: Your Tel Y-143 Jun 3.†

Repeat Washington, London, Paris, Geneva, Delhi from Ottawa, Saigon, Phnom Penh from Delhi.

By Bag Warsaw, Kuala Lumpur, Wellington, Canberra from London.

LAOS

I saw the Secretary-General today and passed on to him, in accordance with your instructions, messages from Prime Minister Nehru to the Prime Minister and Mr. Diefenbaker's reply. Mr. Hammarskjöld, after reading Mr. Diefenbaker's message, commented that the reference to "Canada could favourably consider a meeting of the Commission under agreed conditions for the specific purpose of assisting his mediation proposal if the attitude of the Laotian Government were such as to suggest that a Commission meeting would have the desired effect" was exceedingly helpful from his point of view and that he was very happy that the Prime Minister had put his statement of the Canadian position in this form. He asked me to convey his appreciation to you. Mr. Hammarskjöld went on to say that he had now received a reply to his communication to the UK Foreign Secretary on this subject and he summarized Mr. Selwyn Lloyd's reply (see my telegram 684 June [4]†). He said that in accordance with Mr. Nehru's request, he had also written to the USA Secretary of State passing on to him Mr. Nehru's anxiety to have the Commission reconvened. In the course of this letter he had quoted directly from Mr. Nehru's letter to him of May 27 with regard to reports of Americans sending "military technical personnel" to Laos. He had received no repeat no reply as yet from Mr. Herter but he said that he was not repeat not concerned about this fact as he was aware from his conversations with the Secretary of State that Mr. Herter shared his general point of view about Laos and he did not repeat not expect him to comment on Mr. Nehru's statement about USA military personnel. He said that he had been careful not repeat not to associate himself in any way with Mr. Nehru's statement on this subject. He added that the Indian Permanent Representative had, in an interview yesterday, supplied him with further specific detail with regard to the presence of such USA military personnel in Laos. He said that he had told Mr. Jha that he could do nothing more on this subject and did not repeat not intend to pass this additional information on to the USA authorities.

2. Mr. Hammarskjöld said that he had also had a further interview yesterday with the Laotian Permanent Representative. He had told the latter that he understood from various reports that the Laotian attitude towards the reconvening of the Commission had changed since the earlier conversation between them and that the Laotian Government now took the view that in no repeat no circumstances would they acquiesce in reconvening the Commission. He pressed the Laotian Permanent Representative for clarification of their position. The latter replied that provided such a meeting was "informal and unofficial" and that it was restricted to the purpose envisaged by the Secretary-General in his talks with Mr. Desai in Delhi, the Laotian Government would have no repeat no objection. In commenting on this statement, the Secretary-General said to me that while this was a different point of view from that expressed

by the Laotian Government to various Western governments he thought that it might correspond more closely with the real Laotian position as in talking to him they did not repeat not have to keep up the "facade" which they might have to maintain in talking to their Western friends. With regard to the formula "unofficial and informal" produced by the Laotian representative, Mr. Hammarskjöld said that it should not repeat not be taken too literally but was indicative of some flexibility in the Laotian attitude.

3. In describing events within Laos in connection with the integration of the Pathet Lao battalions the Laotian representative had played down the gravity of these events describing the circumstances of the escape of the Pathet Lao battalions as "laughable" and discounting stories of Viet Minh incursions across the Laotian frontier. With regard to the attitude of Souphanouvong he had said that personal factors played an important part as one of Souphanouvong's sons was in Peking while the other was in Moscow. He had clearly implied that he was under communist pressure.

4. The Secretary-General said that his analysis on this whole problem of reconvening the Commission had now narrowed down to the question of the limitations which could be put upon the activities of the Commission if it could be reconvened. He felt that it was necessary and perhaps possible to find a middle ground between the positions of Laos and of India on this subject. He had told the Laotian Representative that in no repeat no circumstances would he put forward any proposals which might bring pressure on Laos or imply interventions in their internal affairs.

5. He was now proposing to draft a reply to Mr. Nehru's letter to him. He intended to point out to Mr. Nehru that he could see no repeat no grounds for the Commission considering the internal situation in Laos. He also excluded the possibility that the Commission should consider the alleged intervention of USA military personnel in Laos. This left the question of the border dispute between North Vietnam and Laos. He proposed, therefore, to ask Mr. Nehru two questions. First, the Indian view as to the limitation of the Commission's work. Secondly, whether they considered that the Commission should consider the North Vietnam-Laos border dispute before or after an attempt had been made to mediate that dispute. In elucidating the meaning of this latter question, Mr. Hammarskjöld said that he could say to me, although he would not repeat not at this stage say to the Indians, that his objective was a formal meeting of the Commission, and the adoption of a resolution which asked the Indian Secretary of the Commission to act as a "door opener" in Hanoi and Vientiane so that both parties would accept mediation. With this would be coupled agreement that if mediation should fail the discussion of the border dispute (and only the border dispute) should be undertaken in the Commission. Mr. Hammarskjöld hoped by this formula to get a mediation procedure under way while at the same time recognizing the residual authority of the Commission with regard to the border dispute. He thought that it was possible that Hanoi might accept such formulation. In any event, he hoped that the Indians would try to induce them to do so.

6. With regard to the mediation procedure he was still thinking of a two stage operation. The first would be the Indian "door opening" phase which should lead to UN mediation. In this connection he spoke of the possibility of himself going to Laos and Hanoi.

7. I expressed interest in the Secretary-General's ideas without, of course, committing us in any way.

8. The Secretary-General said that the important point was to get the Indians to take a positive political and diplomatic role and to get them away from simply repeating demands for the reconvening of the Commission with an undefined and unlimited agenda. He said that he thought that Mr. Nehru was probably genuinely very anxious. He did not repeat not want to see another "Tibet" develop in Laos.

[C.S.A.] RITCHIE

417. DEA/50052-B-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM Y-151 Ottawa, June 8, 1959

SECRET. OPIMMEDIATE.

Reference: Your telegrams 696† and 697† of June 5.
Repeat Washington, London, Paris, Geneva, Delhi, Saigon, Phnom Penh (Priority) (Information).

LAOS

Please thank the Secretary-General for his courtesy in showing you the draft of his letter to Nehru and tell him we would have no objection to its going forward. This should not be taken to imply that we endorse the compromise formula he has devised. We agree with you that it represents an ingenious effort to bridge the gap between the Indians and Laotians. It appears, however, to allow for future meetings of the Commission of a rather indefinite character and even to leave the door open to consideration of Laotian internal matters. So far as our own attitude is concerned, we cannot at this stage go beyond the position stated in Mr. Diefenbaker's letter to Nehru that "we would favourably consider a meeting of the Commission, under agreed conditions, for the specific purpose of assisting his mediation proposal, if the attitude of the Laotian Government were such as to suggest that a Commission meeting would have the desired effect." Incidentally, the idea of having the Commission meeting in Communist territory (Hanoi — reference Geneva telegram 468 of June 5†), since it apparently cannot meet in Vientiane or Saigon, strikes us as politically undesirable; perhaps Delhi should be considered, if a Commission meeting were ever agreed upon.

2. For your own information, it still seems to us somewhat artificial to continue to make proposals about mediating the border dispute between Laos and North Vietnam when that has been relatively quiescent for so long now and when other difficulties of a different character have arisen to create a dangerous situation. However, if this device should result in Hammarskjöld's being able to bring to bear a placatory influence upon the general situation in Laos and upon Laotian/North Vietnamese relations, it would be all to the good and might point the way to the gradual cession of the responsibilities of the International Commissions for maintaining peace in Indochina to the United Nations. This is an outcome we should eventually like to see.[467]

[467] Il ne fut pas possible de formuler un plan de médiation acceptable pour tous les pays concernés. À la mi-juillet, les hostilités éclatèrent entre le Pathet Lao et les forces gouvernementales laotiennes.
A mediation plan acceptable to all the countries concerned could not be formulated. In mid-July, fighting broke out between Pathet Lao and Laotian government forces.

418. DEA/50052-B-40

Note sous-secrétaire d'État adjoint aux Affaires extérieures pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 12, 1959

LAOS: CONVERSATION WITH POLISH CHARGÉ D'AFFAIRES

The Polish Chargé d'Affaires asked me to lunch yesterday to discuss the situation in Laos. After we had had a thorough discussion of the subject at lunch, Mr. Sieradzki called me in the course of the afternoon to say that he had just received instructions from Warsaw to speak to us officially on the subject. He was asked to inform us of the contents of a letter which Mr. Rapacki had just sent to the Co-Chairmen and to discuss the Polish position with us. The gist of Mr. Rapacki's letter, as Mr. Sieradzki gave it to me, was as follows:

2. Poland had always argued against the adjournment of the Commission in Laos and considered that the constructive role of the Commission would undoubtedly have averted the present troubles. With an eye to the development of events in Laos they had, through their representtative on the Commission, advocated several times but without success, the reactivation of the Commission. In view of the continuing worsening of the situation which endangered the peace in Indochina, Mr. Rapacki appealed to the Co-Chairmen to take all necessary steps to reactivate the Commission which would lead to easing of the situation in the area. Mr. Sieradzki added that they were also informing the Indians of the contents of the letter and would be discussing the subject with them in Delhi. Mr. Sieradzki asked me to take official note of these representations but we both agreed that as we had already covered all points in our respective cases, there would be no need for him to take the matter up again at this stage.

3. The case which Mr. Sieradzki had put to me at lunch was the Polish case as stated by Rapacki and as we understand it. He emphasized their conviction that the present critical situation would have been averted if we had not insisted on adjourning the Commission. He emphasized the importance of the Commission as an influence on spot to keep the government following policies in accordance with the Geneva Agreements and also to prevent other people from taking action which would threaten the neutrality of Laos. Although he referred more particularly to their fears of American policy in Laos, he seemed to acknowledge that there might be interference from other quarters. He spoke of the position of Cambodia as being entirely satisfactory; Cambodia, he said, was genuinely neutral, but Laos was not. He thought that the continuing presence of the Commission had had a good deal to do with keeping Cambodia in that position. He began by making quite serious charges against the Laotian Government, spoke of the fighting that was going on and the discriminatory treatment of the NLHS leaders. He emphasized the "dissolution" of Parliament and charged that the Government had broken the Geneva Agreements by not including the Pathet Lao leaders in the present government. I acknowledged that democratic forms were not being observed in Vientiane in their purest Western sense, but denied that Parliament had been "dissolved." I said that the opposition clearly had a much freer time than it had in most Asian countries, North Vietnam, for example. I denied that the government was obliged perpetually to maintain a coalition government and pointed out in fairly specific terms how generous the government had been in its offers of integration to the former Pathet Lao officers. He did not put up very strong resistance to my arguments, possibly because he did not entirely disagree, but more probably because he was not as well informed on the situation in Laos as I was. When he had based quite a case against

the government on the grounds of its "imprisonment" of the NLHS leaders, I was able to inform him that they had been released.

4. The wind was taken out of Mr. Sieradzki's argument by our latest news including the fact that the dangerous military situation he talked about no longer seemed very inflammable, unless the North Vietnamese wanted to interfere. I followed up this advantage by arguing quite strongly with him that while the Poles and the Indians had been sitting back crying for the reactivation of a Commission which was powerless to take any useful action, we had been working very hard trying to restrain the Laotian Government from unneutral action. I told him candidly that the release of the Pathet Lao leaders had come after strong representations in favour of such action by the French, British, Canadians and Americans. We still firmly adhered to the position that Laos should pursue a neutral policy in accordance with the Geneva Agreement and as recognized in the understanding achieved at Geneva between Sir Anthony Eden and Chou En-lai. We thought the best way to keep Laos on this track was for her friends to use their influence. I trusted that the Poles were putting the same efforts into persuading their friends to restraint, as we were. In the course of a long discussion, I emphasized particularly our belief that although there was a case in theory for maintaining the Commission, nevertheless one had to face the facts of the situation. We were convinced that any efforts to revive the Commission would serve only to provoke the Laotians into actions which would not produce the atmosphere we all wanted. In emphasizing the extent to which we all were using persuasion on the government, I nevertheless pointed out that in our view the Laotian Government had acted with considerable restraint of its own volition; that it had been intolerably provoked by the action of the former Pathet Lao and the North Vietnamese and that furthermore we not only accepted the Laotian Government's attitude to the Commission as a fact, but had a good deal of sympathy for their desire to be free of the burden of the Commission at this stage.

5. The discussion was a long and candid one, a good deal of which was on familiar lines. The most interesting part came when our candour led us to discuss each other's motives and intentions. Mr. Sieradzki was prepared to accept my assurances that we wanted Laos to be neutral. He was sceptical about American intentions, but did not categorically reject my assurances. I was frank with him about American policy. I told him that we were all disturbed by the uninhibited comments of some Americans about Laos but we were assured that more sensible views prevailed in Washington. He said frankly that the Chinese and North Vietnamese were worried about American intentions and that was why they wanted to reconvene the Commission. It was natural that the Chinese would be worried about American military activities so close to their border. I asked him if the Communists really thought that the Americans were engaged in setting up nuclear bases in Laos. He said that the Communists did not know whether the Americans were or not. There were suspicious American military activities in the area and they wanted the Commission back in Laos so that it could see for itself what was happening. He asked me frankly what I thought the Communists wanted in Laos. I said frankly that I was prepared to agree that the Poles wanted Laos to be neutral and the area to be freed of tension. However, I had to assume that the Chinese and North Vietnamese intention was to establish a Communist government in Laos. We believed in a neutral Laos that was not under undue Western influence, was not a member of SEATO, but we were certainly opposed to the establishment of a Communist government. When I said I supposed that the Communist government. When I said I supposed that the Communists wanted a Communist Laos, he asked me if I really thought that "they" were so completely unrealistic. The Chinese and the North Vietnamese, he assured me with every appearance of conviction, wanted nothing more than a government in Laos which was as neutral as that in Cambodia. He recognized, of course, the

Communists believed ultimately it was in the interest of all countries to have Communist governments but implied that this was a long-term aim which had no particular relevance to the immediate situation in Laos.

J.W. HOLMES

419. DEA/11562-117-40

Document d'information pour la visite du secrétaire d'État des États-Unis à Ottawa, 11 juillet 1959

Briefing Paper for Visit of Secretary of State of United States to Ottawa, July 11, 1959

SECRET [Ottawa], July 10, 1959

LAOS: MILITARY INSTRUCTORS

Prior to your meeting with the United States Secretary of State, I have thought it best to bring to your attention a problem with regard to Laos which might cause some future disagreement with the Americans. It is possible that Mr. Herter might make some reference to it.

The Cease Fire Agreement for Laos (Geneva, 1954) provides for the training of the Laotian Army by French military personnel, not exceeding 1500. For some time, in view of the lack of interest of previous French Governments in implementing this article of the Cease Fire Agreement and more recently, because of the tense situation created on the Lao-North Vietnamese frontier and the strength of the North Vietnamese Army, the United States authorities have been anxious to take over, in a covert manner, the training of the Laotian Army from the French. The Laotian Army numbers 25,000 and is by all accounts, insufficiently trained. Discussions were held in Paris, Washington and Vientiane and the French and the Americans arrived at an agreement whereby some one hundred American personnel would assist the French in their training of the Laotian Army. However, the French authorities would still retain nominal supervision over the military instruction programme. It is not yet clear whether the American technicians in Laos would be military or civilian. What seems to be intended, however, is that they would largely be military personnel in civilian guise.

Our Department's legal authorities consider that if the American instructors have a military status, their presence in Laos will constitute a violation of Article 6 of the Cease Fire Agreement for Laos. This would raise a difficult problem for Canada as a member of the International Commissions in Indochina. Although the Laos Commission was adjourned *sine die* in July 1958, nevertheless recent requests for the reconvening of the Laos Commission have kept that Commission theoretically alive. As a member of the International Commissions, Canada has, since 1954, been playing a unique role in Indochina, at the same time endeavouring to assist in maintaining peace in the area and to preserve Western interests. The importance of this role has been appreciated throughout by the United Kingdom authorities with whom we have been in constant touch and agreement. Our studious regard for the integrity of the Geneva Agreements has in fact been in accordance with the principles annunciate by Sir Anthony Eden who, together with Chou En-lai, the Premier of the Peking Government, was a chief architect of the Geneva Agreements on Indochina, which brought an end to the fighting there on terms not unfavourable to the West. However, in this particular instance, the United Kingdom Foreign Office, although it would prefer the United States technicians to be civilian, is reluctantly prepared to accept as unavoidable the introduction of American military instructors

into Laos. It is even ready to try to defend such an act as not specifically contra-vening the Cease Fire Agreement.

It seems hardly possible for Canada, as a Commission power, to accept such a proposition, not only because we would regard it as being contrary to the Geneva Agreements, but also because the introduction of American military instructors into Laos would almost certainly cause renewed requests for the reconvening of the Laos Commission and we would be seriously embarrassed to defend the American action. Canadian acquiescence in such action might also seriously disturb relations with the Indians in the Vietnam Commission. Delicate matters with regard to the rearmament of South Vietnam are at present being discussed, in particular the presence and strength, respectively, of two American military agencies in South Vietnam, the Temporary Equipment Recovery Mission (TERM) and the Military Assistance and Advisory Group (MAAG). The Indians have to date adopted a reasonable attitude with regard to these problems. There is reason to believe that, were the Laotian Army to be trained by United States military personnel, the Indians might adopt a firmer and more anti-United States attitude in the Vietnam Commission on matters concerned with the presence of the United States military missions there.

The United Kingdom proposed that a meeting of Canadian, British, American and French representatives be held in Washington to discuss and prepare a common attitude towards the programme for United States military instructors in Laos. We took the view that it would be inappropriate for Canada, as a member of the International Commissions, to participate with non-Commission powers in a meeting to deal with a matter of considerable consequence to the Commissions. The British authorities have signified full understanding of our point of view.

If Mr. Herter should broach with you the subject of military instructors for Laos, you might wish, if you agree, to let him know that we could not but regard the assignment of United States military personnel, even in civilian guise, to instruct the Laotian Army as being contrary to the Geneva Agreements. (If United States instructors were to be actual civilians, then in the opinion of our legal officers the question of a breach of the Geneva Agreements might not arise.) You might also wish to refer to the relationship which may exist between the Laos and Vietnam problems and the effect which the introduction of American military instructors could have upon the United States interests in Vietnam. Another question which has arisen is whether the Americans should inform the Indians about the military instruction programme for Laos which has been agreed upon. It is our view, which is strongly supported by the Canadian representatives in New Delhi and Saigon, that there would be likely to be less trouble with the Indians if they were given prior information by the United States about what was intended, if the United States should be determined to send military instructors to Laos.

This problem presents for us a considerable dilemma. Naturally, we are sympathetic to the wishes of the United States to give military assistance to the non-Communist régimes in Indochina. Nevertheless, we have a serious responsibility to maintain the spirit and the letter of the Geneva Agreements. We have gained a considerable reputation for attempting honestly to enforce the Geneva Agreements. We have been critical of the Polish representatives on the Commission for unquestioningly accepting Communist arguments rather than being judicial in their decisions. Our reputation not only in Indochina but in the United Nations is based on respect for our integrity in such matters. It would therefore be a very serious matter for us to defend the American arguments when we did not believe them to be valid. The consequences would be harmful for our position in Indochina and elsewhere and would compromise our role in the other Indochina Commissions, where we must continue for a long time to work with our Indian colleagues. For some time, we have, as you know, been arguing with the Indians against reconvening the Laotian Commission at the request of the Communists. If the Americans were to commit what we believe to be a violation of the Geneva Agreements, it would be very

difficult for us to reject a request by the Indians to reconvene the Commission in order to examine this question.

As for the security aspects of the question, we recognize the need of the Laotian Army for training in order to preserve internal security. Nevertheless, it is, in our opinion, possible to exaggerate the importance of Laotian military strength in the defence against Communism. The military forces of the Communist powers in this area are overwhelming and nothing that could be done to improve the Laotian army could make any important difference in the balance of forces. In these circumstances, it is our view that the precarious freedom of Laos is more likely to be maintained by its strict observation of the terms of the Geneva Agreement and the avoidance of military entanglements which the Chinese Communists would consider provocative. There is, of course, no assurance that observance of the Geneva Agreements will protect the Laotians from Communist threats but it is unwise to imagine, on the other hand, that the strengthening of their very ineffective little army would serve this purpose any better.[468]

420. DEA/50052-40

Extrait d'un télégramme du haut-commissaire au Royaume-Uni pour le secrétaire d'État aux Affaires extérieures

Extract from Telegram from High Commissioner in United Kingdom to Secretary of State for External Affairs

TELEGRAM 2408 London, July 30, 1959

SECRET. OPIMMEDIATE.

Repeat Washington, NATO Paris, Paris, Permis New York, Delhi, Saigon, Phnom Penh from Ottawa (Priority) (Information).

LAOS

Today we accompanied Mr. Holmes when he called on MacDermot at the Foreign Office. Later we also saw Heppel and Butler.

2. MacDermot told us that reports had begun to come in yesterday afternoon from Vientiane of communist military movements on the border between North Vietnam and Samneua Province. These reports had been preceded earlier in the day by a communiqué issued by the Laotian Government[469] that "rebel bands" had overwhelmed the border and were advancing towards the town of Samneua. The troops, which had been estimated to number anywhere from five hundred to one thousand, are said to include some of the dissident Pathet Lao Battalion, a number of communist led tribesmen and also no repeat no doubt Laotian cadres trained in North Vietnam. The communiqué describes them however as "new elements entirely armed and equipped by the DRVN" and claims that RLG reinforcements have been sent to Samneua. All information received so far, which is not repeat not completely clear, is based solely on Laotian sources, official and unofficial.

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[468] Le nouveau plan de formation fut annoncé le 23 juillet. Voir *Foreign Relations of the United States, 1958-1960*, Volume XVI (Washington: United States Government Printing Office, 1992), p. 545. The new training plan was announced on July 23. See *Foreign Relations of the United States, 1958-1960*, Volume XVI (Washington: United States Government Printing Office, 1992), p. 545.

[469] Voir/See "Laos Says Red Rebels Attack Army's Border Posts in North," *New York Times*, July 31, 1959, pp. 1, 4.

3. It is reported that nine NLHS leaders have been arrested and will be placed on trial for complicity in this latest development. The RLG have offered no repeat no proof of complicity so far saying that this will come out during the trial. MacDermot observed this morning that it was important to have the proof now for the purpose of defending the Laotian action.

4. The Foreign Office are of course actively considering how this latest development should be dealt with. While no repeat no firm conclusions have been reached at ministerial level so far, MacDermot suggested that he and his colleagues were inclined to think that a reference to the UN might be the best solution. It was suggested that the RLG themselves might now want the Commission to return, although this was still considered unlikely. Another possibility mentioned by MacDermot was that Laos might appeal to SEATO, which could be most unfortunate and only seem to prove previous communist allegations that Laos was being turned into a SEATO base. Holmes agreed with MacDermot on both questions, pointing out the reasons why we would, if at all possible, like the UN to take over responsibility for Laos.

5. MacDermot noted two points on which the USA and the UK were not repeat not of one mind (a) the USA tended to favour stiff action against communists and might not repeat not be averse to SEATO involvement although the first reaction of the State Department in Parson's absence was that the USA would not repeat not recommend this (b) the UK was still concerned that Laos should act within the framework of the Geneva agreements while the USA were less concerned over this. MacDermot observed that if the matter were referred to the UN by a Laotian complaint, these two points of difference need not repeat not come to the fore.

6. On the assumption that the USSR would use its veto against any action by the Security Council, it was suggested that the complaint would then, in line with past practice, be referred to the General Assembly under the "uniting for peace" resolution. Mr. Holmes suggested that, in view of its voting record in the UN which had perhaps been too pro-western, Laos might not repeat not find as much sympathy for its complaint as a more neutralist Asian nation could expect.

7. When UK views on the course of action are more firm we shall let you know. Meanwhile the UK are asking the RLG whether in the new circumstances they would be inclined to change their views about the Commission and whether they agreed that international action was necessary. The answers expected were no repeat no and yes respectively.

. . .

421. DEA/50052-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM Y-179 Ottawa, July 31, 1959

SECRET. OPIMMEDIATE.

Reference: London Message No. 2408 and Washington Message No. 1891† of July 30. Repeat Washington, Paris (OpImmediate), NATO Paris, Permis New York, Delhi, Phnom Penh, Saigon (Priority) (Information).

LAOS

If the situation develops so that the Laotian Government considers it necessary to appeal for international assistance, we agree the United Nations would seem to afford the best channel. Effective action by the International Commission would be difficult in view of the attitude of the RLG towards it. As for SEATO, we are aware that Laotian leaders have talked for some time about appealing to SEATO if they got into trouble and we are concerned about the possibility of such a move, which would have obvious political and military dangers.

2. If circumstances should require that the UN be brought into the picture, it would seem to us that the undesirable prospect of intensification of the cold war aspects of the situation through a veto in the Security Council followed by possible Assembly action under the Uniting for Peace procedure might be avoided for the time being by a new appeal to Hammarskjöld to exercise his good offices as a follow-up to his mediation efforts earlier this year.

3. In general, we agree with the broad statement of objectives as set out in Foreign Office telegram 3270 of July 29 to Washington, the text of which is as follows. Begins: In our view we should aim to return to a position where the general framework of the Geneva settlement is accepted by all concerned as being re-established. That is to say the Laotian Government would reaffirm its neutrality, its determination not to become part of the Western system of alliances, and not to accept foreign bases or troops, while the communists would refrain from interference in the internal affairs of Laos. In these circumstances whatever form of international action is taken should in our view be outside SEATO. The Laotians should be discouraged from appealing to that organisation and we should refrain from bringing it in. Ends.

422. DEA/50052-B-2-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 928 New York, August 3, 1959

SECRET. OPIMMEDIATE.
Reference: Your Tel Y-179 Jul 31.
Repeat London, Washington, Paris, NATO Paris, Delhi from Ottawa (Priority) (Information).
By Bag Phnom Penh, Saigon from London.

LAOS

I attended this afternoon an informal meeting held at the French Mission at the suggestion of Beeley (UK) to discuss possible involvement of the UN in the Laotian situation. De Vaucelles (France) and Cook (USA) were there.

2. On the basis of the latest info available to those at the meeting there was still considerable uncertainty about the actual situation on the spot and also about what action the Laotian Government intended to take. According to information from Paris, the Laotian Government had decided: (a) as a first step, to bring the situation to the attention of the UN; (b) as a second step, to appeal to the Security Council for UN intervention if the incursions turned out to be by regular forces, and to appeal to SEATO if it turned out to be a real invasion. According to information from London however it did not repeat not appear that the Laotian Government had yet taken any final decision on such a course.

3. Beeley (UK) told us that it had been suggested to the Laotian Government that the Laotian Mission in New York should in any case get in touch as soon as possible with the Secretary-General and with friendly missions. The UK for its part had not repeat not yet reached any conclusion as to whether the UN should be involved but did believe that the time had come to consider the possibility carefully. In particular London had posed three questions on which Beeley asked the views of the others:

(a) Would there be advantage to appealing to the Secretary-General?

(b) Assuming that there would be a majority in the Security Council for a resolution authorizing a UN fact-finding mission but that such a resolution would be vetoed, should we go to a special emergency session of the General Assembly? and

(c) Could we get a two-thirds majority in the Assembly for a similar resolution?

4. I gave the others the substance of the first two paragraphs of your reference telegram, adding the view expressed by Holmes in London (London telegram 2408 July 30) that if resort was had to the Assembly under the Uniting for Peace procedure, it might be difficult to mobilize adequate support for the Laotian case.

5. The others were without instructions but there seemed to be general agreement with what Beeley said was the Foreign Office view that the Secretary-General would probably not repeat not be willing to intervene on his own responsibility at the request of the Laotian Government alone, because of the difficulties he had already experienced in trying to arrange for mediation. The possibility was then discussed of making such an appeal to the Secretary-General via the Security Council. Beeley thought that any resolution in the Council that avoided reconvening of

the International Commission would be sure to meet a veto, but Cook thought the Soviet veto might be avoided if the resolution was sufficiently uncontroversial and concentrated on the need for finding out the facts. It was generally agreed that this sort of difficulty might be circumvented by a consensus procedure which would provide the Secretary-General with sufficient backing to go ahead either with mediation or with fact-finding without a resolution. In any case it was recognized that a reference to the Security Council would almost certainly bring a proposal for an invitation to North Vietnam to attend and that such a proposal would be difficult to oppose.

6. As for any emergency special session of the General Assembly, there was some difference of opinion on how much support could be obtained for Laos. Much would depend on how strong and detailed a case it could put up. I remained doubtful but the others seemed to think that a two-thirds majority could be obtained for a fact finding role for the UN if firm evidence could be produced of outside intervention in Laos.

7. After the meeting Cook said to me privately that in their view it was a little premature yet to consider going to the UN, though they were of course watching the situation carefully. De Vaucelles is seeing the Secretary-General later this afternoon.

[JOHN] HALSTEAD

423. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

SECRET [Ottawa], September 6, 1959

Present

The Prime Minister (Mr. Diefenbaker) in the Chair,
The Secretary of State for External Affairs (Mr. Green),
The Minister of Finance (Mr. Fleming),
The Minister of Veterans Affairs (Mr. Brooks),
The Minister of National Revenue (Mr. Nowlan),
The Postmaster General (Mr. William Hamilton),
The Minister without Portfolio (Mr. Browne),
The Associate Minister of National Defence (Mr. Sévigny).
The Secretary to the Cabinet (Mr. Bryce),
The Assistant Secretary to the Cabinet (Mr. Fournier).

LAOTIAN APPEAL TO THE SECRETARY-GENERAL OF THE UNITED NATIONS
(PREVIOUS REFERENCE AUGUST 27)

1. *The Secretary of State for External Affairs* said that the previous day, shortly after the Laotian appeal to the Secretary-General[470] had become known, he had met with the Acting Minister of National Defence, the Permanent Representative of Canada at the U.N., Mr. Ritchie, and a number of officials to discuss the position which Canada might take on the Laotian request that an emergency force be sent to Laos. He read from a memorandum which had been prepared following the meeting.† He said that it was clear that there was no likelihood of any emergency force being sent to Laos. Canada had no jungle troops. The most Canada might be asked to contribute would be military observers, as for Lebanon. Personnel were already available in South Vietnam.

[470] Voir/See *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 265-66.

The question to decide was what Canada's stand should be at the meeting of the Security Council the following day. The memorandum which was circulated contained three recommendations. In the first case Canada could support the general approach of the draft U.K.-U.S.-French resolution (still subject to the approval of the governments concerned) as a reasonable and prompt means of dealing with the Laotian request. The resolution (which had been shown only to the Italians and Canadians) suggested that the Council appoint a sub-committee consisting of Italy, Japan and Tunisia to examine statements and documents and conduct such enquiries as might be necessary and to report to the Security Council. An identical Security Council resolution had been adopted in 1946 under Article 29 of the Charter. It was considered as a "procedural motion" and not subject to the veto. The sub-committee, it was understood, would have no authority to express a judgment or to make recommendations on the Laotian claims; any substantive action would be reserved for propos-al and consideration by the Council itself.

The Secretary-General had not been consulted about the resolution; neither had the U.S.S.R. He was doubtful that this was wise.

The other recommendation suggested that the Canadian representative be instructed to explore with the Secretary-General the possibility of so altering the proposed resolution as to have the Security Council invite the Secretary-General to appoint a neutral fact-finder (a Swiss or a Swede?). He thought this approach would be preferable to that contemplated in the U.K.-U.S.-French resolution.

The Minister said that, should it become necessary to explain Canada's position regarding the reconvening of the International Commission for Laos, it might be indicated that, while the Canadian government had not regarded such action as useful or justified, especially in view of the firm opposition of the Laotian government itself, the Canadian government had always been prepared to consider any steps which would in fact help to reduce tensions in the area.

2. *Mr. Green* read a statement released by the State Department outlining the U.S. position in firm language.

An explanatory memorandum was circulated, (Minister's memorandum, Sept. 6, 1959).†

3. *During the discussion*, the following points emerged:

(a) There was a great deal of uncertainty about the military situation in Laos. The rebel forces appeared to be receiving supplies from North Vietnam. There was no evidence that Soviet Russia was involved in the area.

(b) Laos had appealed to the Assembly and not to the Security Council. The Secretary-General had acted on his own in calling a meeting of the Council. There was some doubt as to whether the appeal should be brought before the Council.

(c) The approach suggested in the resolution would have the advantage of providing for prompt action and would demonstrate the readiness and capacity of the U.N. to respond to the Laotian appeal. Should a prompt response not be forthcoming, the Laotian government might feel impelled to request the Southeast Asia Treaty Organization to intervene with military support. This could in turn lead to the intervention of Communist China. Before the U.N. could reach any decision on sending an emergency force, an impartial report on the facts of the situation appeared necessary.

(d) The proposed membership of the sub-committee did not appear designed to help enlist Soviet support. The area of choice was limited. Canada, because of its special position resulting from its membership on the International Commission for Laos, should not be a member of the proposed sub-committee. This was just as well, since the U.S. record in Laos was not entirely clean. The U.S. were backing Laotian stiffness and had sent over one hundred military instructors (in civilian clothes) to advise on the use of American weapons.

(e) There was much to be said for the rough talk in the statement released by the State Department. This was the only kind of language understandable to the Communists.

(f) There appeared to be some value in changing the order of the recommendations of the Secretary of State for External Affairs. The Canadian representative should be instructed to first get in touch with the Secretary-General with a view to his appointing a neutral fact-finder. The sponsors of the resolution, France, the U.K. and the U.S., should also be told that Canada regarded that approach as preferable. The procedural approach of the sub-committee appeared thin. This would not prevent Canada, of course, from supporting the resolution should it be presented in the Security Council.

4. *The Cabinet* agreed that the Canadian representative at the United Nations be instructed to explore with the Secretary-General and the delegations of the United States, the United Kingdom and France the possibility of altering the draft resolution of the latter delegations so as to have the Security Council invite the Secretary-General to appoint a neutral fact-finder; it being understood that, should this approach not meet with favour, the Canadian representative would indicate Canada's support of the proposed resolution with respect to the appointment of a sub-committee of the Security Council to enquire and to report.[471]

. . .

424. DEA/50052-B-6-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 1239 New York, September 26, 1959

SECRET. OPIMMEDIATE.

Reference: London Tel 2988 Sep 25.†
Repeat London, Washington, NATO Paris, Paris (Priority) (Information).
By Bag Delhi, Saigon, Phnom Penh, Tokyo, Wellington from London.

LAOS

During a call I paid on the Secretary-General this morning to discuss the Suez Canal transit issue he raised the subject of Laos, and particularly the problem of the follow up to the sub-committee's report.

[471] Une résolution en faveur de la constitution d'une sous-commission fut présentée au Conseil de sécurité le 7 septembre et tous les membres votèrent en faveur, sauf l'URSS. Les membres de la sous-commission se rendirent au Laos à la mi-septembre et y restèrent jusqu'à la mi-octobre. Voir « La question laotienne au conseil de sécurité, » *Affaires extérieures*, Vol. 11, N° 10 (octobre 1959), pp. 323 à 326.
A resolution in favour of the appointment of a sub-committee was presented to the Security Council on September 7, and all members except the USSR voted in favour. The members of the sub-committee left for Laos in mid-September and remained there until mid-October. See "The Laotian Crisis before the Security Council," *External Affairs*, Vol. 11, No. 10 (October 1959), pp. 327-330.

2. He said he had not repeat not yet received from the sub-committee any firm indication of how long they intended to remain in Laos or when they might be in a position to report.[472] He expected that they would be flying to the Northern provinces toward the end of next week and that their report would therefore not repeat not be forthcoming for at least a fortnight. He anticipated that the sub-committee, or at least its principal members, would return to New York to present the report, but that some personnel would be left in Vientiane for the purpose of obtaining further information or clarification on points in the report if that were desired by the Security Council.

3. I pointed out that the Minister in his speech in the General Debate[473] had emphasized the necessity for a continuation of some UN "presence" in Laos, although he had not repeat not made any specific suggestion as to the form it should take. I asked whether the Secretary-General foresaw that there might be a hiatus between the departure of the sub-committee and the arrival of some more permanent UN representation, something we were particularly anxious to avoid. The Secretary-General commented that he had found the part of the Minister's speech dealing with this subject "quite perfect." He went on to explain that as he saw it the sub-committee would leave some one or more of its members or staff in Laos to cover the period between presentation of the report and action on it. In any case he thought that action, if it were along the lines of the operation he was planning, could be put into effect in four days.

4. In his view the Security Council would have to meet to consider the sub-committee's report. If the report was demonstrably incomplete in some respect the Council would have a legitimate reason for prolonging the life of the sub-committee sufficiently to obtain more information. On the other hand he thought it would be patently dishonest to attempt to convert the sub-committee itself into a form of UN "presence" by the device of requesting more and more reports or of failing to take substantive action on the reports. If the Article 29 procedure were misused in this way, he feared it would destroy the usefulness of the precedent that has been established.

5. In fact that Secretary-General expected that the sub-committee's report would not repeat not provide conclusive evidence either for or against the Laotian charges (it would be "pearl grey" in coloring, he said) but it would probably provide sufficient basis for the next step in the Security Council, which he thought would be inscription of Laos as a substantive item (in contrast to the procedural item that the Council had so far debated) and consideration of a draft resolution proposing a UN "presence" in Laos.

6. The Secretary-General envisaged such a proposal as patterned on the Jordan model. He specified 4 points which he considered essential for its success:

(a) it should pay "reverence" to the Geneva agreements, which the efforts of the UN were designed to supplement rather than replace;

(b) it should be dependent on the acceptance of the host government;

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[472] Le rapport de la sous-commission fut publié le 5 novembre. Voir « Les Nations unies et la situation au Laos, » *Affaires extérieures*, Vol. 12, N° 2 (février 1960), pp. 504 à 506. Voir le résumé du rapport dans *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 278-79. Voir le texte intégral du rapport dans Security Council Official Records, Fourteenth Year, Supplement for October, November, and December 1959, Doc. S/4236.
The report of the sub-committee was made public on November 5. See "The United Nations and the Situation in Laos," *External Affairs*, Vol. 12, No. 2 (February 1960), pp. 507-9. For a summary of the report, see *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 278-79. For the full report, see Security Council Official Records, Fourteenth Year, Supplement for October, November, and December 1959, Doc. S/4236.

[473] Voir Canada, ministère des Affaires extérieures, *Déclarations et discours 1959-60*, N° 59/30.
See Canada, Department of External Affairs, *Statements and Speeches 1959-60*, No. 59/30.

(c) it should provide for a single UN representative (under whom would be a staff whose size and composition could be tailored to the changing situation) rather than a group; and

(d) it should place this representative under the authority of the Secretary-General, who would be responsible for reporting to the Security Council on the progress of the mission.

7. The Secretary-General said he had discussed this idea with Panya (Laos) who had expressed agreement in principle. Panya had seen no repeat no difficulty in referring to maintenance of the Geneva agreements provided there was no repeat no reference to the International Commission. The Secretary-General had also spoken to Son Sann (Cambodia) Khoman (Thailand) and the Burmese, and he seemed confident that he could enlist their support. One point that Son Sann emphasized however was that his government's support would be much facilitated if a genuine effort were made to enlist the cooperation of the DRVN, with which the Cambodian Government maintained fairly close contact. Hammarskjöld sounded Cambodia, Thailand and Burma out also on the possibility of making the UN representatives services available to these neighbouring countries at their request, and found them receptive to the idea. He made it clear however that he thought the UN representative should be accredited only to Laos.

8. The Secretary-General said he had outlined his scheme to Herter (USA) Lloyd (UK) and Couve (France). He received the impression that the latter two were quite enthusiastic, at least about the general lines of the scheme, but he described Herter's reaction as "interested but noncommittal." He had not repeat not yet spoken to the Indians and did not repeat not exclude the possibility of their raising difficulties, particularly if Krishna Menon were in New York at the time. He hoped, however, that the Indians would not repeat not oppose proposals along these lines if they were acceptable to Laos and the three neighbours mentioned above. Hammarskjöld made no repeat no mention of South Vietnam; he must either have taken their cooperation for granted or regarded it as not repeat not essential to the success of the operation.

9. The Secretary-General elaborated in some detail his reasons for wanting to model the UN "presence" in Laos on the model of the Spinelli mission in Jordan rather than of UNOGIL. The essence was that a single representative of the Secretary-General would be politically and administratively less awkward than a group of government representatives, and that a direct line of authority from the Security Council through the Secretary-General to the representative and to that representative's staff would provide the needed flexibility for the operation. Otherwise the Security Council might have to meet to authorize every movement of or change in the staff.

10. Finally the Secretary-General said that he was not repeat not unhopeful that the USSR might abstain in the Security Council on such a resolution provided it was not repeat not offensive to them, both because of its desire to maintain the thaw in the cold war and because of the risk that SEATO might be involved in the absence of action by the UN. If however the resolution were vetoed, the Secretary-General seemed confident that a two thirds majority could be obtained for it quickly in an emergency special session of the General Assembly.

11. I think the Secretary-General's reasons for preferring a Jordan type operation to a UNOGIL type operation merit serious consideration. What seems to be left out of sufficient account in his plan, as he described it to me, is the shape of the political settlement in Laos that will presumably have to be negotiated between the RLG and the PL (representing DRVN interest) if quiet is to be restored. I assume he envisages the UN representative acting as mediator in such negotiations but I am not repeat not sure he appreciates fully the difficult decisions they will inevitably involve for the USA.

4E PARTIE/PART 4
VIETNAM

425. DEA/50052-A-13-40

Note de l'ambassade des États-Unis

Memorandum by Embassy of United States

SECRET Ottawa, February 3, 1959

The United States Government appreciates the sympathetic understanding which the Canadian Government has displayed toward United States proposals for increasing the number of MAAG personnel in Viet-Nam, as well as the study which the Canadian Government has given this problem in connection with the provisions of the Viet-Nam Cease-Fire Agreement.[474] United States authorities have given careful consideration to the Canadian Government's Memorandum of September [30], 1958, on this subject,[475] and would like to offer the following views:

The United States agrees with the observation in Paragraph 5 of the Canadian Government's Memorandum that the purpose of Article 16 in prohibiting the "introduction into Viet-Nam of any troop reinforcements and additional military personnel" was presumably to maintain the military balance existing between the two sides on the date the Cease-Fire Agreement became effective. Therefore, on the basis of this interpretation and in view of the opening words of Article 16, namely, "with effect from the date of entry into force of the present agreement," it would seem that only those military personnel in excess of the number in Viet-Nam on July 22, 1954 are prohibited from entering Viet-Nam. Paragraph 2 of the Canadian Government's Memorandum indicates that the first paragraph of Article 16 of the Cease-Fire Agreement applies to the introduction of any foreign military personnel. It would thus appear, according to this view, that the first paragraph of Article 16 is to be interpreted as *without reference to nationality* insofar as the introduction of additional foreign military personnel is concerned and, therefore, as applicable to both French and United States personnel. If that should be the case, it would further appear logical to apply the same criterion of *without reference to nationality* in determining whether military personnel are in excess of the number in Viet-Nam on July 22, 1954 and, therefore, it should make no difference whether the military personnel are French or American so long as the total number of foreign military personnel in Viet-Nam does not exceed the level prevailing on July 22, 1954.

According to Paragraphs 2 and 3 of the Canadian Government's Memorandum, the second paragraph of Article 16 of the Cease-Fire Agreement provides certain exceptions to the prohibitions in the first paragraph of Article 16. It thus appears, according to this view, that the second paragraph of Article 16 is fundamentally tied to the first paragraph. If that is the case, then the interpretation of the first paragraph as applying to "any foreign military personnel" should be equally applicable to the second paragraph, despite the indication by the majority of the Viet-Nam Commission in the past that the second paragraph applied only to French military personnel.

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[474] Voir volume 25, les documents 411 à 416, 418 à 420, 422./See Volume 25, Documents 411-16, 418-20, 422.

[475] Voir/See Volume 25, Document 420.

In addition, inasmuch as the second paragraph of Article 16 permits "the rotation of units and groups of personnel" without distinction, the United States Government believes that the Agreement can be interpreted as permitting the rotation of military advisers as well as combat units. This view appears strengthened by the definition of rotation of units in the second paragraph of Article 16 as "replacement of units ... by other units of the same echelon," since "echelon" was presumably used to refer to units of similar function.

Thus, the exceptions provided for in the second paragraph of Article 16 can be validly interpreted as applicable to United States military training personnel as well as to French military training personnel. Consequently, if the first paragraph is to be interpreted as *without reference to nationality*, the proposed additional group of United States training personnel would, without any net increase in total foreign military personnel, replace the group of French training advisers which has departed from Viet-Nam.

In this connection, although as stated in Paragraph 6 of the Canadian Government's Memorandum, the ICC has dealt with MAAG as a separate organization, the United States wishes to note that TRIM (Training Relations Instruction Mission), which was established in February 1955, included French advisers as well as MAAG personnel. TRIM, including its French officers, was under direction of the Chief of MAAG who operated under the over-all authority of the Commander-in-Chief, French Forces, Indochina. Thus, with reference to the statement in the Canadian Government's Memorandum that no instance can be recalled in which the ICC treated French training advisers separately from French Union Forces, it would appear that the ICC treated French training advisers separately whenever it dealt with complaints concerning TRIM. Since the ICC did not question the 888 French and United States military advisers in 1955, it is presumed that their existence in Viet-Nam at that time was not considered a violation of the Cease-Fire Agreement.

United States authorities have noted the Canadian Government's concern about the possibility that North Viet-Nam, acting under irrational and ungrounded fear about its security, might take unwise and precipitate action to upset the present equilibrium in Indochina. Inasmuch as the total number of United States military personnel in Viet-Nam would not be expected to exceed materially the present number of MAAG and TERM personnel, the United States believes it unlikely that North Viet-Nam, Communist China or the Soviet Union would become genuinely alarmed or take any drastic action as a result of this particular step. Recent moves on the part of North Viet-Nam show that the Communists can at any time find some excuse for taking action regardless of what the United States or the Republic of Viet-Nam may do. These moves also indicate the urgency of accelerating the training mission of United States military advisers in the Republic of Viet-Nam.

The United States Government hopes that the Canadian Government might agree that the foregoing presents a satisfactory legal basis under the Cease-Fire Agreement for the proposed increase in MAAG personnel, and would appreciate the Canadian Government's opinion of the probable reaction thereto of the Indian Government.

426. DEA/50052-A-40

Le sous-secrétaire d'État adjoint aux Affaires extérieures
au commissaire de la Commission internationale de surveillance et de contrôle
pour le Vietnam

Assistant Under-Secretary of State for External Affairs
to Commissioner, International Commission for Supervision and Control for Vietnam

SECRET. PERSONAL. Ottawa, March 2, 1959

Dear Price [Erichsen-Brown],

Your messages about the future of the Vietnam Commission† raised some fundamental issues to which, as we told you in our message Y-36 of February 26,† we have given very careful consideration.

We have been impressed by the weight of practical reasoning you have summoned to support the viewpoint which you have presented. On reflection, however, we do not believe that we can base our attitude towards the problems of the Vietnam Commission on the thesis that, in the absence of a political settlement, the sooner the Commission leaves the better for South Vietnamese and Western interest. For us to adopt such a position now, although it might be held by other countries not represented on the Commission, would be inconsistent with the basic attitude regarding the Geneva Agreements and our role in the International Supervisory Commissions, which we have endeavoured to maintain since 1954. We accepted the invitation to join the Commissions because we recognized the importance of the Geneva Agreements for the building up of peace in Indochina. We also recognized that the Communists, for whatever larger political reasons of their own, stopped their advance in Indochina at a time when they had achieved a dangerous military superiority over the French (which threatened to over-run the whole Indochinese peninsula) and that Communist adherence to the Geneva Agreements represented, therefore, a certain Western strategic gain in the area. The Communists have so far not upset the Geneva Agreements and for us, a Commission power, to consider doing so because we are still not satisfied with the strength of South Vietnam as compared to the North would not be a tenable position.

Admittedly, because of the violently partisan behaviour of the Poles in Vietnam and the Indian tendency to make a mathematical equality of decisions as between ourselves and the Poles, it has been impossible to maintain in the Commissions an entirely judicial attitude (although conditions in Laos and Cambodia were more favourable to such an attitude). Nevertheless we have sought in the Vietnam Commission to protect Western and South Vietnamese interests within the framework of our general attitude towards the Geneva Agreements. To this end, it has not been possible for our Commissioners to associate and consult with Western representatives, in public at least, as closely as our representatives in diplomatic posts normally do. But I think it has been recognized that a certain amount of detachment has been expedient for the furtherance of our work and influence in the Commissions.

I think that we must apply the principles outlined above to the two outstanding problems in the Vietnam Commission, the questions of reduction of activities and the United States' desire to increase the strength of its Military Advisory Group in Vietnam. When we do so, we are led to temper our recognition of the need for something helpful and constructive to be done in both these spheres by the limitations imposed upon us because of the significance which we attach to the Geneva Agreements and the role of the International Commissions in Indochina.

In the matter of reduction, we have in fact taken the initiative at various times to urge substantial reductions — and even withdrawal from Laos and Cambodia where the work has been accomplished. In Vietnam, however, where we still consider that the presence of the Commission is a stabilizing factor, we have striven for major reductions to bring the Commission's activities into line with financial and other practical realities. We continue to believe that such reductions should be effected but we are prompted in this not by a wish to extinguish the Commission but by your desire to save the Commission from critical pressures which might bring about its collapse. Certainly we cannot, given our general attitude towards the Commissions and the Geneva Agreements, participate in the taking of initiatives at this time to do away with the Vietnam Commission.

As to the United States' desire to increase the size of MAAG, we are aware of the situation created by the fact that the Commission's role as Supervisor of the Cease-Fire Agreements tends to make it difficult for South Vietnam to overcome the military superiority of the Vietminh. We have told the Americans that we understand and sympathize with their *desire* to increase the strength of MAAG but that it would not be possible for us to approve of this being done by a *method* which cannot be justified under the Cease-Fire Agreements. The Americans have presented us with another lengthy Aide Mémoire adducing some finely-spun arguments to support their claim that they can increase MAAG within the terms of the Cease-Fire Agreement. We are having the legal implications of this note examined and we shall also send you a copy so that we may obtain your views on it. In the meantime, here again, while we recognize that South Vietnam may eventually be moved, for very practical political and strategic reasons, to withdraw its co-operation from the Commission, nevertheless we do not feel that we can let our position of principle regarding the Geneva Agreements and the International Commissions be affected by this possibility.

I hope that you will find this resumé of our position useful. We have been somewhat concerned to have gained the impression, from various messages and from a recent talk with the French here, that the idea of putting an end to the Vietnam Commission has been actively canvassed in Saigon.

Yours sincerely,

J.W. HOLMES

427. DEA/50052-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 39 Saigon, March 5, 1959

SECRET. PRIORITY.

Reference: Delhi Tel 112 Mar 2.†
Repeat Delhi, London, Washington, Permis New York, Paris from Ottawa (Information).
By Bag Phnom Penh.

INDOCHINA

1. I was much interested in Mr. Ronning's report of comments of Desai on possibility of admission of both North and South Vietnam to the UN as a solution for the problems of Indochina [and] a means of terminating all three commissions.

2. Since my arrival here in October, I have been conscious of a stiffening reaction of the Indians against the propaganda from the North that suggestions of Desai may reflect the Indian reaction to the Phu Loi affair,[476] when the propaganda was extreme and the Commission was flooded with [nine?] thousand petitions (group corrupt) its Hanoi office and every fixed team site in North Vietnam. It has been impossible for the Secretariat to process them and it is abundantly evident they reflected a mammoth effort of the PAVN to influence the people of North Vietnam rather than to influence the Commission which could only be expected to react adversely to such pressure. In process there was an abuse of the Commission in the sense that its good name and prestige were deliberately used as a means of giving plausibility to fantastic charges whose purpose was to discredit the Government of South Vietnam as the USA-Diem clique. The campaign developed with such speed as to indicate very careful preparations and a deliberate effort to swamp information media before there was any possibility for the Commission to investigate or even for the South Vietnamese to reply.

3. The propaganda theme of hate was calculated to work the Northern population into a state of hysteria at a time when North Vietnamese troops had infiltrated into the Highlands of Laos. The methods are strongly reminiscent of Goebbels' precept, the bigger the lie the more the people believe it.

4. This propaganda in augmentation of previous propaganda against the Diem régime has tended to make even more unlikely the prospect of any negotiation towards reunification of Vietnam. Moreover it has demonstrated simply by the apparent success by which it has been put over in the North the extent to which the Northern population might be controlled if there ever were elections in Vietnam.

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[476] Le 1er décembre 1958, environ mille détenus de la prison Phu Loi, à Saigon, seraient morts empoisonnés sur l'ordre du gouvernement de Diem. Leurs corps auraient été déplacés sous le couvert de manœuvres militaires dirigées par le général Williams, du Military Assistance Advisory Group (MAAG).

It was alleged that on December 1, 1958, approximately one thousand inmates of the Phu Loi prison in Saigon were killed by poisoning on the orders of the Diem government, and their bodies were removed under cover of military manoeuvres directed by General Williams of MAAG.

5. The Indian idealism must be tempered by some sense of reality and I suspect they are coming around to the view that there is practically no repeat no chance of reunification of the country. There would be a better chance in fact of getting the Vietnamese together in New York than anywhere else.

6. The successive border troubles in Indochina have pointed up the impracticability of settlement through International Commissions restricted by national boundaries. Apart from the establishment of a single commission for all of Indochina the UN would be the only practical alternative and this also must now be apparent to the Indians.

[J.P.] ERICHSEN-BROWN

428. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 44 Saigon, March 17, 1959

CONFIDENTIAL. PRIORITY.

Repeat Delhi (Priority), Warsaw from London, Washington from Ottawa (Information).

ALLEGED PHU LOI MASSACRE

The Commission considered the substance of the PAVN charges against the South on March 14. I made a detailed statement based on examination of the police report of the investigation and statements of two ringleaders that had been furnished by the SVN and which I said amounted to evidence and not repeat not merely to a denial.

2. In the course of my statement I strongly criticized the propaganda build-up throughout North Vietnam and the world before the Commission had even had a chance to consider the matter and before the South had had an opportunity to reply to any communication from the Commission on the subject. I also connected this with statements of ringleaders concerning introduction of agents into Phu Loi to promote disturbance, and raised a question as to whether the incident itself had not repeat not been deliberately provoked to suit the propaganda directed to the people of North Vietnam and which was calculated to create hysteria of hate to back communist policies not repeat not directly related to Vietnam Commission. I maintained that mass murder of helpless inmates of any institution would be completely abhorrent to the USA Government and all the people and took strong exception to PAVN charge that having instigated the murders, the USA acting through General Williams of MAAG had organized military manoeuvers to cover up transfer of prisoners and bodies to other locations thus suppressing evidence.

3. Goralski renewed his demand for mobile team investigation. I refused to agree to this on the ground that it could only play into the hands of the North for further propaganda and that the Commission had already been given the facts by the SVN. Ansari parried once more the request for a mobile team investigation and called instead for further letter to the South asking for particulars of the charges and dates of conviction of thirty three alleged detainees whose names had been given to the Commission by the PAVN and whom the SVN had said had been arrested for activities after the cessation of hostilities, the reply to be made within two weeks.

This proposal was approved and the matter now stands adjourned until our first meeting in April.

4. I believe my statement made a considerable impression on both the Indians and Poles. Goralski is I think considerably worried at the possibility of the Commission making a finding denying the validity of the charges altogether. I have learned that he has telegraphed Warsaw protesting against some of the language I used in reference to the PAVN complaints. His real purpose is I am sure to ask that pressure be now exercised by the Polish Ambassador in Delhi to persuade the Indians to demand a mobile team investigation. I am accordingly sending copies of my statement by bag ex Saigon to Delhi March 18 and to Ottawa ex Saigon March 23. I would be grateful if Ronning could use his influence to counteract Polish pressure for a mobile team investigation. Ansari has told me confidentially that he agrees with me that any decision to demand such an investigation at this date would only lend a credence to fantastic charges, which South Vietnamese people have been told, and which most of them believe, to have been fabricated.

5. I am also sending by bag to Delhi and Ottawa copies of my letter to Secretary-General requesting review of Commission policies in regard to petitions, delegations and demonstrations, and consideration of the abuse of the Commission's facilities by PAVN. This will not repeat not be considered until after decision on the merits of the Phu Loi charges has been taken.

[J.P.] ERICHSEN-BROWN

429. DEA/50052-A-40

Le secrétaire d'État aux Affaires extérieures
au commissaire de la Commission internationale de surveillance
et de contrôle pour le Vietnam

Secretary of State for External Affairs
to Commissioner, International Commission for Supervision and Control for Vietnam

TELEGRAM Y-65 Ottawa, April 6, 1959

SECRET. PRIORITY.

Reference: Your telegram No. 44 of March 17, 1959.

ALLEGED PHU LOI MASSACRE — CANADIAN ATTITUDE IN THE COMMISSION

Following personal for Erichsen-Brown. Begins. We share your concern about the extent of PAVN propaganda concerning the alleged Phu Loi massacre as well as about the misuse of the Commission's Hanoi office by the North Vietnam authorities. It is axiomatic that the cases brought before the Commission should not be pre-judged publicly by the parties, not to mention a propaganda exercise such as that witnessed in the Phu Loi case. We doubt, however, whether any intervention from a supervisory power, whether it be ourselves or the Indians, will affect North Vietnamese action in this respect and whether they will be persuaded to abandon such a useful tool as the propaganda technique they have perfected over the years. The Phu Loi case is not the first example of their inundating the Commission with letters, petitions and delegations. There was for example the 14(c) case of Mrs. Thieu, which shows that back in 1956 the North

Vietnamese propaganda machine was already well drilled.[477] The Commission took no public umbrage then.

2. There appears to us to be no reason why the recent North Vietnamese propaganda exercise should strain relations within the Commission more than, for example, the publication of North Vietnam's letter to the co-chairmen protesting against replacement of arms in the South. This was an unprecedented gesture from one of "the parties," but you will recall that the Commission issued only a mild protest. We wonder, therefore, in view of past practice, whether there is not danger that an intense reaction on our part to this further Vietminh propaganda move may not do more harm than good.

3. As we understand the situation with regard to Phu Loi, the Indians do not appear to be prepared to face the issue against the South squarely. There is, therefore, every chance that the Phu Loi case will drag on indefinitely. Might it not be best in such conditions to ensure that Ansari keeps in this not unhelpful frame of mind, perhaps with a little prompting from you, rather than incur the danger of pushing either Ansari or Delhi towards the Poles.

4. We appreciate the frustration you must feel at the machinations of the Communist side. There are undoubtedly arguments for reacting sharply on occasion. We think, however, that our five years' experience has shown that, because of the composition of the Commission and the conditions in which it works, we can be more effective, and hence more useful to the West, by pursuing our policies and maintaining our principles in as objective and judicial a manner as possible, in order to carry the Indians with us to the greatest extent possible. To this end, and in keeping with the ideas expressed in Mr. Holmes' letter to you of March 2, we would suggest the desirability of being very cautious about presenting opportunities to your Commission colleagues of charging you with being solely an advocate of Western Powers (and in particular the United States) rather than (in appearance at least) an independent member of the Commission. We agree of course that the furtherance of Western interests should be of major concern to us in our conduct of affairs on the Indochina Commissions. However, for the maintenance of peace in Indochina, which is the paramount task of the Commission, we should not make our promotion of the Western cause too explicit. We realize that you had no intention of making a regular practice of speaking in these blunt terms and we agree with you that it would be inadvisable to repeat this tactic — at least until such a time as we might have worked out some entirely new attitude to our role in the Commission.

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[477] Mme Thai Thi Thieu (ou Thiu) aurait été torturée et assassinée après son arrestation en mai 1955. En mars 1956, le gouvernement Sud-Vietnamien prétendit que sa mort était accidentelle, et que l'auteur du crime avait été condamné à une peine de cinq ans de prison. Le gouvernement Nord-Vietnamien demanda la tenue d'une nouvelle enquête, mais la requête présentée par la Commission pour obtenir le dossier de l'instruction lui fut refusée. Voir MAE 50052-A-7-40 Pt. 1 FP. Pour l'enquête sur les affaires 14(c), voir le Volume 23, chapitre IV, 1ère partie, section A.
It was alleged that Mrs. Thai Thi Thieu (or Thiu) was tortured and murdered after her arrest in May 1955. In March 1956, the South Vietnamese government replied that her death was accidental, and the man responsible had been sentenced to five years in prison. The North Vietnamese demanded further investigation, but the Commission's request for the trial records was refused. See DEA 50052-A-7-40 Pt. 1 FP. On the investigation of 14(c) cases, see Volume 23, Chapter IV, Part 1, Section A.

430. DEA/50052-A-40

Le sous-secrétaire d'État adjoint aux Affaires extérieures
au commissaire de la Commission internationale de surveillance
et de contrôle pour le Vietnam

Assistant Under-Secretary of State for External Affairs
to Commissioner, International Commission for Supervision and Control for Vietnam

PERSONAL & SECRET Ottawa, April 17, 1959

Dear Price [Erichsen-Brown]:

I have read your letter of March 20† with much satisfaction since it seems to clear up any misunderstandings which may have arisen. You will by now have received our message No. Y65 of April 6, which had been prepared before your letter arrived. I think we agree on political essentials as well as on the ultimate aim of the Canadian Delegation's action in Vietnam and I am sure that we can count on you to eliminate whatever animosity, however slight, might have been created in the Commission. We were a little worried that your views and ours might be diverging somewhat on our and the Commission's role, but I assure you that I was inclined to blame myself, if anyone, for not having given you adequate explanation of our approach. I was very sorry we didn't have a chance to talk all these things over before you set forth for Vietnam.

Relations with your Western colleagues are a difficult business, particularly since the Commission moved to Saigon, and I certainly don't want to question your discretion in working out the right formulae. Any too obvious effort to stand apart from them socially would look rather silly, and yet one has to maintain always in the eyes of the Indians and Poles the figure of an entirely independent agent. We all know, for instance, that the Poles work hand in glove with the North Vietnamese on Commission matters and they, themselves, probably assume that we have similar links with the Western Powers in Saigon. However, the question of these relations has not been brought out in the open and I think we have been reasonably successful in not giving them any real grounds for contending that we were acting as "tools" of the Americans or anyone else.

I hope that you do not think we expect you to toe the line prescribed from Ottawa without giving us the benefit of your own recommendations. We are taking a searching look at our aims and tactics just now. In fact they have always been under constant review. For the time being, at least, it seems to us here that we should do everything possible to avoid rocking the boat in Indo-China. The Geneva agreements, however unsatisfactory they may seem to the American Military, represented a surprisingly good bargain for the West after Dien Bien Phu. The détente achieved is admittedly precarious, but as the Communists hold so many advantages in the area, it is a major Western interest to hold on to even a precarious détente.

I have never been able to convince myself that the addition of a few American officers or some of their fancy new equipment in South Vietnam was worth the price of threatening the equilibrium. It isn't the Commission alone which keeps the peace, but it provides some of the mortar, even without being able to carry out in a very literal way the tasks assigned to it. The tough-minded military "realists" maintain, of course, that you can't hold back the Communists with a paper understanding as they only respect force. If these "realists" were a little more realistic, however, they would realize that the kind of force they could ever deploy in this area is hardly calculated to make the Communists shudder and that that there is, therefore, no easy alternative to relying on the Geneva agreement as an instrument for perpetuating a mutual desire to avoid conflict.

It is the truce, of course, and not necessarily the Commission which we want to perpetuate. We certainly would like to proceed to the reduction and elimination of the Commission as soon as that can be done without dangerously provoking the Communists to action. I think we will have to consider, among other proposals, the interesting ideas coming from New Delhi about admission of the two Vietnams into the United Nations and reliance thereafter on the U.N. to hold the ring. Any idea you may have on this or other aspects of our mission would be most welcome. Policy is something that should result from a constant dialogue between Ottawa and Saigon. I feel guilty that I have not written you more often, but I shall try to do better.

With best regards to your wife and yourself.

Sincerely,

J.W. HOLMES

P.S. Give my love to Durby and Emily when you next see them.

431. DEA/50052-A-13-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 81 Saigon, May 26, 1959

CONFIDENTIAL. OPIMMEDIATE.

Repeat Delhi, London, Paris, Washington (Priority) from Ottawa (Information).

USA MILITARY PERSONNEL IN VIETNAM

Durbrow, the USA Ambassador who was going on leave the next day called on me on the afternoon of May 23 and his anxiety to arrange an appointment at the last minute before his departure leads me to suspect he was acting on instructions from Washington.

2. We discussed TERM and MAAG and the general question of the overall ceiling of USA military personnel in Vietnam. Durbrow expressed concern at paragraph 31 of the Ninth Interim Report[478] and said that TERM personnel could not repeat not leave by the end of June. I told him that [I had endeavoured?] to get the terms of TERM merely reconsidered by the Commission at that time but that I was unable to secure this more moderate decision. I pointed out that the finding that TERM should be able to leave by the end of June had been based on a careful comparison of the past progress of TERM with work still to be done set forth in TERM's own reports to the Commission.

3. Durbrow volunteered the information that they had already felt obliged to use TERM personnel on the work of MAAG because MAAG's training responsibilities could not repeat not be satisfactorily executed with its present strength. I need hardly point out that this fact, if it became known, could be very embarrassing to us in the Commission. Durbrow referred to the American desire put to you last summer eventually to reallocate all TERM personnel to MAAG operations.

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[478] Voir/See United Kingdom, Parliamentary Papers, Cmnd. 726, *Ninth Interim Report of the International Commission for Supervision and Control in Vietnam, May 1, 1958 to January 31, 1959* (London: Her Majesty's Stationery Office, 1959).

4. Durbrow said that there were only three ways, as he saw it, to carry out effectively the USA military training programme in Vietnam in the reduced period of 2 to 2 ½ years now planned by American authorities: (a) for the Commission to agree to an increase in the MAAG ceiling, (b) for the personnel they required to be introduced by covert means, (c) to take openly the position that neither the USA nor South Vietnam had signed the Geneva agreement and to cease paying any attention to the ceiling now in force.

5. I reminded Durbrow that the question of MAAG and TERM was a very difficult one for us in the Commission because both the [other] delegates had strong views on the subject and were deeply committed to the principle of no repeat no increase. I also told him that I consi-dered that the Indians had been agreeing with us in the majority of the differences we had had with the Poles in the Commission and that this cooperation we had established with the Indians might be seriously disturbed by the MAAG/TERM issue. I said that we had not repeat not yet had your views on the American memorandum on MAAG which was submitted to the Department earlier this year.

6. In the meantime, replies have come in from the SVM on the overall movement of USA military personnel on the TERM. On the movement of military personnel, the SVM letter follows quite closely the lines of the draft outlined in paragraph 2 of our letter 112 March 31[479] and provides us, I think, with sufficient ammunition to refute the Polish charge that the number of military personnel exceed the permissible total of 692. The SVM letter on TERM enlarges, giving relevant figures, on the arguments outlined in paragraph 4 of our letter 112. It provides us with a basis on which to argue that the Commission should reexamine the question of the date on which TERM can be expected to complete its activities and I would hope that it will be possible to obtain a decision permitting several months extension at least. Perhaps our strongest weapon in spinning the tenure of TERM would be considerable Indian reluctance to let a showdown develop with the SVM and the USA over a Commission decision that TERM had to leave.

7. I formed the impression that Durbrow was making subtle threats about an overall increase in USA military personnel more to impress us with the importance to them of obtaining a more favourable Commission decision on TERM than to indicate that the Americans contemplated unilateral action to increase MAAG strength in the near future. We have gathered the impression in our talks with American officials here that all things being equal they are unlikely to press the MAAG ceiling issue while the situation in Laos continues to remain so unsettled. However, a Commission decision requesting TERM personnel to leave Vietnam would certainly lead the Americans to reexamine the whole position and I think, therefore, that it is essential from our point of view to work for the kind of decision on TERM the Americans want.

8. There might be some advantage in our taking the initiative in raising the question of TERM before the Poles do, having regard to the virtual certainty of TERM personnel not repeat not departing as desired by the Commission. However, on balance, we are inclined to think that our best policy would be to leave it to the Poles or the Indians to raise the issue and thus to gain as much delay as possible the Poles are certain to raise the issue before the time limit expires.

9. I would welcome any comments and instructions you may have, my inclination would be to discuss the issues involved with Ansari well in advance of any debate in the Commission.[480]

[J.P.] ERICHSEN-BROWN

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[479] Non retrouvé./Not located.

[480] Note marginale :/Marginal note:
Yes. [Auteur inconnu/Author unknown]

432. DEA/50052-A-13-40

Note pour l'ambassade des États-Unis

Memorandum for United States Embassy

SECRET [Ottawa], June 2, 1959

Consideration has been given to the views expressed by the United States Embassy in its memorandum of February 3[481] concerning the possibility of increasing the personnel of the United States Military Advisory and Assistance Group (MAAG). As was mentioned in the previous Canadian memorandum of September 30, 1958, on the same subject, Canada is sympathetic to the aims of the United States in this regard. However, so far as the attitude of the International Commission may be concerned, it should be emphasized once more that it would be necessary to persuade the Indian Government of the validity of the arguments in favour of such an increase if an adverse opinion by the Commission were to be avoided.

2. The United States Embassy, in its memorandum, referred to the fact that, under Paragraph 2 of Article 16, provision is made for "the rotation of units and groups of personnel" without distinction as to the nationality of the units replaced or replacing. It is the opinion of the Canadian legal authorities that the rotation scheme set out in Paragraph 2 of Article 16 was intended to apply only to French personnel and their replacement by other French personnel. It follows that the provision of rotation machinery in Paragraph 2 of Article 16 was not intended to govern United States military personnel. Sub-paragraphs (b), (c) and (d) of the second paragraph must, by implication, be interpreted as applying only to French military personnel. In any case, the use of this argument well over two years after the departure of the French Union military personnel from Vietnam would undoubtedly be regarded by other Commission powers as an abuse of the generally accepted meaning of the word "rotation."

3. The United States Embassy also states that Article 16 of the Geneva Agreements is to be interpreted without reference to nationality in so far as additional foreign military personnel is concerned and that therefore, it should make no difference whether the military personnel are French or American so long as the total number of foreign military personnel in Vietnam does not exceed the level prevailing on July 22, 1954. We recognize that it could be argued that, read in the light of paragraph 4 of the Final Declaration of July 21, 1954, which "takes note of the clauses in the Agreement on the cessation of hostilities in Vietnam prohibiting the introduction into Vietnam of foreign troops and military personnel as well as all kinds of arms and munitions," the first paragraph of Article 16 is evidence only of a clear intention to maintain the status quo as it existed on the coming into force of the Agreement with regard to the number of foreign military personnel in Vietnam and that the replacement of French military personnel by an equal number of United States military personnel would not constitute an "introduction" of additional military personnel into Vietnam as prohibited in the first paragraph of the Cease-Fire Agreement. Since foreign military personnel have not been dealt with specifically in the Agreement, it would then follow that the negotiators were not concerned with this question except to prevent an over-all numerical increase.

4. We agree that it is possible to make such an argument, based upon a very liberal interpretation of Article 16. The Canadian authorities are of the opinion, however, that as this Article carries a general prohibition, it would probably be interpreted restrictively by the Commission. That is to say, Article 16 would be taken to mean not only that an over-all numerical increase was prohibited, but also that an increase of each separate foreign military force was prohibited. This opinion is reinforced by a number of factors which have arisen since 1954. For example,

[481] Voir/See Document 425.

in April 1958, when denying Polish allegations that American military personnel in South Vietnam had been increased in relation to their pre-Cease-Fire strength, the United States authorities in Saigon contended that the overall MAAG strength had not exceeded its original fixed figure of 342, from 1955 to 1958. It would appear, therefore, that the United States Government itself has not questioned the general acceptance of the figure 342 as the ceiling of MAAG in 1954 and there would be some difficulty in presenting to the Indian Government a case for repudiating this accepted figure and involving a different interpretation of Article 16.

5. The Canadian authorities fear that the Commission, and especially the Indian Delegation, would have difficulty in accepting the United States thesis as a satisfactory juridical cover for their proposed increase in MAAG personnel. They might also consider it inconsistent with precedents of interpretation of the Agreement, especially in the light of the past attitude of the United States Government towards the interpretation of Article 16.

6. In this memorandum the Canadian authorities have stressed the legal aspects of the case which they think might be adopted by the Indian Government and the International Commission. The Canadian authorities realize that the United States Government may nevertheless wish to develop the broad legal interpretation of Article 16 and to approach the Indian Government along these lines. They suggest, however, in any case, that it may be best not to do so until the situation in Indochina, and particularly in Laos, is more conducive to a consideration of the problem apart from other complicating factors and tensions.

433. DEA/50052-A-13-40

Note de l'ambassade des États-Unis

Memorandum by Embassy of United States

SECRET Ottawa, June 2, 1959

With respect to developments in Vietnam, the Embassy wishes to state that the United States is concerned regarding the language with respect to TERM in the Ninth Interim ICC Report and strongly hopes for Canadian support in the ICC of TERM's continuation until some arrangement can be reached concerning an increase in the MAAG ceiling.

It will be recalled that Assistant Secretary of State Robertson told the Canadian Ambassador in Washington last June 30 that TERM was originally established[482] to collect and inventory equipment furnished by the United States and abandoned by the French after the Geneva Conference, and to instruct the Vietnamese in its use. However, with the departure in 1957 of the French Air and Naval Training Missions and certain French instructors in army schools, it became impossible to continue training the Vietnamese armed forces with only MAAG personnel and hence the United States began using some TERM personnel for such training.

Since that time it has become increasingly necessary to use TERM personnel unobtrusively for logistical training. Such action was along the lines of a suggestion made in passing by former Canadian ICC Commissioner Carter when United States Ambassador Durbrow discussed the MAAG ceiling problem with him last year. Mr. Carter then speculated that since the work of TERM would fall off during the next year or so, the United States might quietly replace TERM personnel with training advisers to do the work of MAAG. Mr. Carter felt that the Indians were accustomed to the total figure of 692 personnel for both MAAG and TERM and would not inquire too deeply into the functions performed by those personnel.

[482] Voir/See Volume 23, document 646.

Under these circumstances the effectiveness of United States training of the Vietnamese armed forces would be seriously compromised if the ICC insists that TERM personnel should be removed without an increase in MAAG personnel. The United States feels confident that the Canadian Government will agree that this would be to the grave detriment of the free world's interests in improving the quality of the Vietnamese forces within the existing force level as a deterrent to attack by DRV forces which are more than double their number. The United States therefore hopes that the Canadian Government might be able to find means to delay and oppose any ICC action directed at the termination of TERM and the departure of its personnel from Vietnam. To this end it is believed that the Canadian Government might find useful the letter of April 3 from the GVN to the ICC, replying to the ICC request for comment on its resolution with respect to TERM. As that letter stated, more than 56,000 tons of additional war materiel had been located for processing by TERM as of the end of February 1959, and the total number of line items to be accounted for had increased to over 272,000. The letter also pointed out, in connection with the importance which the GVN attaches to the use of salvageable material for economic development, that since its inception TERM has turned over to the United States Operating Mission material with an acquisition cost of over $6 million, while other items suitable for civilian use, with an acquisition cost of over $1.9 million, have been donated to Vietnamese charitable and social organizations.

The difficult problem with respect to TERM could of course be resolved if means could be found for increasing the number of MAAG personnel. For this reason the United States would welcome as well the Canadian Government's reaction to the Embassy's memorandum of February 3, 1959, regarding the MAAG personnel problem.[483]

434. DEA/50052-A-13-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 212 Saigon, June 6, 1959

SECRET

DECISION 470, ARTICLE 17(B) OF THE CEASE-FIRE AGREEMENT AND THE ACTIVITIES OF TERM

During the past two weeks the Commission has considered a number of claims for credit under Decision 470[484] by the Republic of Vietnam in respect of war material destroyed, or exported from Vietnam. It has become clear that the Poles are embarking on a policy of seeking to undermine Decision 470 by criticism in detail. One of such details is alleged lack of proof that the war material was destroyed, damaged, worn out or used up after the cessation of

[483] Pour un résumé de la politique des États-Unis sur le MAAG, la TERM et la CICS, voir *Foreign Relations of the United States, 1958-1960*, Volume I (Washington: United States Government Printing Office, 1986), document 80.
For a concise summary of United States policy on MAAG, TERM, and the ICC, see *Foreign Relations of the United States, 1958-1960*, Volume I (Washington: United States Government Printing Office, 1986), document 80.

[484] Voir/See Volume 25, Document 410.

hostilities under Article 17(b) of the Cease-Fire Agreement. The SMA has prepared a note on the subject†, copy of which I am enclosing for background information in the event that we may have to seek instructions by telegram.

2. I should particularly like to draw your attention to an extension of the problem to which Goralski's researches into the matter of credits may have led him. It concerns the activities and continuation of TERM in South Vietnam. You will remember that when the Commission acquiesced in the presence of TERM the basic condition of several conditions imposed by the Commission was that its functions and activities were to be restricted to the recovery and export from Vietnam of American owned war material that had been supplied by the Americans during the war (see Annex to SMA's memorandum). TERM's personnel were not to be employed on other duties or functions of a military nature such as the preservation and maintenance of equipment.

3. Furthermore, because credits are being claimed by the South for exports of American owned equipment by TERM and because these credits are being used to import replacements (often the identical equipment after rehabilitation in American workshops outside Vietnam) it can be argued that the activities of TERM are in effect equivalent to the military functions of preservation and maintenance which are expressly prohibited by the conditions originally imposed by the Commission. It follows therefore, [from this argument] that if the South is to obtain credit for the American equipment exported the continued presence of TERM cannot be justified. If TERM is to remain in Vietnam it can only do so at the expense of the credits which would otherwise accrue to the South and to which under the terms of the Cease-Fire Agreement they are entitled.

4. We are by no means happy with this situation and we do not exclude the possibility that if the Americans become too difficult over TERM and MAAG the Indians may be induced by Polish arguments to curtail drastically the advantages which we have hitherto assumed to have accrued from Decision 470. If you have any suggestions as to how the hypothetical argument we have outlined might best be combatted in the Commission we would be glad to have them.

J.P. ERICHSEN-BROWN

435. DEA/50052-A-13-40

Le sous-secrétaire d'État adjoint aux Affaires extérieures au ministre, ambassade aux États-Unis

Assistant Under-Secretary of State for External Affairs to Minister, Embassy in United States

PERSONAL & SECRET. [Ottawa], June 9, 1959

Dear Saul [Rae]:

You will have seen the recent exchange of messages we have had with Saigon on United States military personnel in Vietnam (TERM and MAAG) and the text of the memorandum on TERM handed to us by the United States Embassy on June 2.

This memorandum is a rather disturbing document because of the blatant pressure tactics it uses and because it implies a willingness on our part to join in a sort of "conspiracy" against the Indians. But specifically objectionable, and I may say that this view is shared by Norman Robertson, is the attempt to force our hand by citing a "suggestion made in passing" by our former Commissioner, Tom Carter, in a discussion with Durbrow, the United States Ambassador. This is really hitting below the belt, since the Commission policy on the temporary nature of TERM is well known and what Carter had been doing, on a purely unofficial

basis and without authorization from us to change the line, was to make some personal suggestions to Durbrow about how to meet the practical situation which confronted him. Even so, the chief part of Carter's advice, as we understand it, was that the Americans might make more use of civilian personnel in MAAG and TERM for jobs that civilians could do, leaving the military to perform essentially military functions. In any case, it seems to us here quite unethical to make use, in the way the Americans apparently have, of personal remarks of a Canadian representative to bring pressure upon the Canadian Government to accede to their wishes.

We had thought of asking you to try to get the Americans to withdraw the memorandum. Perhaps it would be sufficient, however, if you were to make known in the right quarters our strong dislike of the use of Carter's name in the memorandum. This naturally brings to our minds the necessity to caution our present Commissioner in Saigon about what he might say in personal conversation with the American Ambassador.

We are considering how we shall reply to the substance of the United States memorandum. The question of any continuance of TERM, which was established as a temporary mission with a specific task, is a very delicate one. We cannot be expected to take a different view from that which we have already accepted in the Commission and, as Erichsen-Brown has pointed out, if it were known that TERM personnel were being used in MAAG, there would be serious difficulties. Nevertheless, you have seen, from our Telegram No. 147 of June 5 to Saigon,† that we recognize the practical necessity to forestall any decisive United States action to increase MAAG at this time and we have told Erichsen-Brown to do what he can to tempo-rize about TERM. Our eventual reply to the Americans will probably have to indicate this.

Yours sincerely,

J.W. HOLMES

436. DEA/50052-A-13-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 249 Saigon, July 4, 1959

CONFIDENTIAL

UNITED STATES MILITARY PERSONNEL IN VIETNAM

Ansari opened the June 27 debate on MAAG with a short statement in which he recalled the importance of the subject and suggested that the three Commissioners formally record their views, following which the debate might be adjourned to a future date. Goralski and I then read prepared statements of about a half hour each and which inevitably reflected opposed views. Ansari followed with a second short statement in which he was non-committal concerning the status of MAAG but emphasized the Indian view that the Pentelateral Agreement of 1950 furnished by the South gave the important additional information which had been demanded by the Commission and that there was, therefore, no longer any question of citing the South for non-cooperation. There followed a three-cornered exchange devoted mainly to procedure, following which it was decided that the debate on the status of MAAG should be continued in July, no date being fixed.

2. In the discussion last mentioned, I argued that the Commission ought not to resume the debate until after it had considered the South's reply to the Commission's request for documentary proof that the Commission's figures on overall movement of United States military personnel during 1956 and 1957 are incomplete. I expressed confidence that this documenttary evidence would be forthcoming and argued that if it were, this would afford additionnal proof that the ceiling as of the date of the Cease-Fire had not been exceeded and that its maintenance would afford some corroboration that there had been no military alliance entered into between the United States and South Vietnam in February 1955 as Goralski had argued. I think it likely that the Indians will support me in refusing to go on with the MAAG debate until the question of overall movement in these years has been dealt with.

3. Goralski had claimed to quote from an exchange of Notes in 1955 between the State Department and the South Vietnamese.[485] This took me somewhat by surprise, but the passages seemed inconclusive and it was not clear whether he had full texts or a secondary source. I thought the wisest course was to ignore these references and to continue my text as prepared in which I quoted the press statement of President Diem of February 12, 1955[486] and the statement of Walter Robertson to the Association of American Friends of Vietnam (Bulletin of U.S. State Department 1956 p.972) June 1, 1955, both of which were before us as enclosures to a PAVN letter, to demonstrate that what then transpired was only detailed implementation of the agreement of 1950.

4. The most important contribution the Americans could now make to better their own position would be to furnish as completely as possible the proof referred to in paragraph 2. The United States Embassy has undertaken to give to the SVM spot check corroboration of departures on civil airlines in form of photostatic copies of transportation warrants for at least one month, but I think it may ultimately be necessary for the Americans to furnish a complete record of these warrants if the Indians are not satisfied with the spot check, since it is on the basis of such departures that the Commission's figures quoted in paragraphs 34 of the Ninth Interim Report are demonstrably wrong.

5. After dealing with MAAG, the Commission spent an hour on TERM[487] and after protracted argument, mostly between Ansari and Goralski, adopted unanimously an Indian draft letter with minor amendments which called on the South for more information without setting any date for TERM's departure. Ansari had obviously told Goralski in advance that he was going to give the South an opportunity for further explanation and Goralski tried to get the Commission to prescribe a three-month period for TERM's final departure. The letter actually reads:

> "The Commission notes with concern that the Mission has stated that additional quantities of materials are still being discovered and that the Mission now finds it impossible to forecast when the activities of TERM will cease. The Commission regrets that it cannot accept such a position and recommends that TERM should leave Vietnam as soon as possible and in this regard the Mission is requested to furnish final information."

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[485] Renvoie sans doute à l'échange de notes de février 1955. Voir *Foreign Relations of the United States, 1955-1957*, Volume I (Washington: United States Government Printing Office, 1985), pp. 72 à 86.
This most likely refers to the exchange of notes in February 1955. See *Foreign Relations of the United States, 1955-1957*, Volume I (Washington: United States Government Printing Office, 1985), pp. 72-86.

[486] Voir/See "O'Daniel Starts Vietnam Training," *New York Times*, February 13, 1955, pp. 1, 5.

[487] Erichsen-Brown eu pour instruction de tenter de faire reporter la décision sur la TERM, puisqu'on craignait autrement que les Américains prennent des mesures draconiennes ayant trait au MAAG, ce qui aurait pu être interprété comme une infraction grave aux Accords de Genève.
Erichsen-Brown had been instructed to seek a postponement of the decision on TERM, since it was feared that otherwise the Americans would take drastic action on MAAG, and that this would be seen as a serious violation of the Geneva Agreements.

The words "as soon as possible" were proposed by Goralski after he had become convinced he could not secure a definite date, and Ansari insisted on maintaining the words "and in this regard" and succeeding words so as to tie the "as soon as possible" to the South's further reply when received.

6. The Indians were surprised at our taking the initiative in asking to have TERM discussed along with MAAG. I am now convinced that I was right in assuming they wished to avoid a general showdown over American military personnel in Vietnam. I was glad to receive your concurrence with the views expressed in my telegram No. 90 of June 6, 1959† and your authority to speak to Ansari. In our conversation on the morning of the 24th I learned that he was about to have lunch with Durbrow at the latter's invitation. I thought it expedient to disclose "we have been resisting considerable pressure from the Americans to ask the Commission to authorize an increased ceiling for MAAG." So far as I have since been able to learn, Durbrow concentrated on TERM and Ansari not only decided that an extension of TERM was the best solution but according to Ansari when Durbrow suggested at least one year he proposed fourteen months. I think it possible that as a result of this conversation the Americans may now be prone to a more optimistic assessment of TERM's future than is in fact warranted since the Commission is on paper committed only to the extent indicated in paragraph 5.

7. Although the decision on TERM is superficially satisfactory, the situation is in reality fundamentally unsound. Not only are the facts stated in the second paragraph of the United States Embassy's memorandum of June 2, 1959 totally inconsistent with the conditions laid down by the Commission in its letter of May 29, 1956 but a development such as outlined in our letter No. 212 of June [6], 1959 might, if it occurs, seriously jeopardize the advantages gained by the South Vietnamese and indirectly, the Americans, as a result of Decision 470. Also, there would be a considerable explosion in the Commission if it were to become known that TERM personnel (or a large part of them) are being employed in MAAG work. The recent strong representations of the Americans concerning the MAAG ceiling are undoubtedly prompted by their effort to give some legality to the present position which is one of outright contempt of the Commission.

8. Because of the fundamentally unsound situation, I think we must seriously consider the tactics we should use in regard to both MAAG and TERM in the coming months. I think our wisest course would be to encourage the South to reply quickly to the Commission's letter and to fix the termination date for TERM at the 14 months to which Ansari has verbally agreed. Once the Commission has confirmed this termination date, it should be suggested to the Americans that they should use this period of grace to decide what they want to do about MAAG and enlist, if possible, Indian support.

9. You should appreciate, however, that the debate on the status of MAAG which is scheduled to be resumed in July even if it does not get on the agenda until later will inevitably take place before the expiration of the time likely to be fixed by the Commission for the departure of TERM. Therefore, you may wish me to reserve our position on the question of overall numbers when the debate resumes on the legal position of MAAG.

10. You will note that, in my statement on MAAG, which was debated before TERM, I thought it essential to give the Indians as much room for compromise as possible in any future crisis. I accordingly made some use of the argument set forth in the United States Embassy Note of February 3, 1959 as a *possible* interpretation of Article 16 without attribution and without adopting it. I am enclosing the full text of my statement on MAAG.† I regret the transcript of the full debate on both questions will not be available for today's bag. We have no intention, of course, of telling the Americans the tactical use we made of their argument.

J.P. ERICHSEN-BROWN

437. DEA/50052-A-13-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 419 Hanoi, November 18, 1959

CONFIDENTIAL

Reference: Our letter 249 dated July 4, 1959

STATUS OF MAAG

The debate on the status of MAAG, which was postponed from the Commission's 535th meeting of June 27th, was resumed at the 551st meeting of November 17. The Polish Delegation had asked that the issue be placed on the agenda for debate at the current session which is being held in Hanoi.

2. Dr. Ansari opened the debate with a carefully prepared statement. The full text is enclosed, together with copies of the correspondence to which he referred.† The position adopted by the Indian Delegation goes a long way toward meeting our stand on the matter despite the fact that no substantive decision regarding the actual status of MAAG has been achieved. The Indians have in effect accepted the Pentelateral Agreement as a mutual aid or purely commercial document which in itself does not constitute a formal military alliance. While accepting the *de jure* status of MAAG in relation to Article 19 of the Geneva Agreement, they have nonetheless reserved their position contingent on the receipt of detailed information concerning the possibility of the activities of MAAG constituting a *de facto* military alliance.

3. With reference to Article 16 of the Geneva Agreement, the Indians have adopted the stand that regardless of any future substantive decision on the status of MAAG, the presence of MAAG personnel does not constitute a violation of Article 16 provided their total numbers do not exceed 342, the number present at the time of the cease-fire.

4. With regard to PAVN allegations concerning the introduction of war material by, or in the name of, MAAG in contravention of Article 17 of the Geneva Agreement, the Indian position is that such introduction is not appropriate but would be nonetheless subject to control in the normal course of the Commission's activity and therefore need not be considered independently in relation to MAAG.

5. The Indians have informed us that the stand they have adopted as outlined in paras 2, 3 and 4 above is absolutely as far as they can go toward meeting our position at the present time. I am inclined to agree and feel that they have committed themselves as much as could be hoped for at this stage.

6. In the debate which followed the tabling of the Indian statement, Mr. Romaniecki reiterated the position adopted by Mr. Goralski at the 535th meeting of the 27th of June. He also attempted to enlarge the discussion by the inclusion of a number of specific cases which in his opinion involved MAAG in actions contrary to the provisions of Article 17 of the Geneva Agreement. Following the Polish statement, Dr. Ansari tabled an Indian draft letter to the South Vietnamese Mission. This draft noted that in relation to past correspondence recited therein, the South Vietnamese Mission had not afforded all possible assistance and co-operation in terms of Article 25 of the Geneva Agreement, and recommended that full information and specific

replies to the Commission's queries be furnished within one month failing which the Commission would take action under Article 43 of the Geneva Agreement.

7. We found this draft letter not unreasonable having regard to the prior letters of the Commission, and the past replies of the SVM, particularly paragraph 3 of SVM letter No. 113 of 26 April which had stated: "the existence of and the activities of MAAG, are questions which remain outside the Commission's powers for control and cannot be evoked by it in virtue of the Geneva Agreement." This point of view is totally unacceptable to the Commission. Therefore, we supported the Indian draft suggesting only an extension of the time limit for reply. The draft letter was finally unanimously adopted with the time limit increased to six weeks.

8. We are enclosing a copy of the letter as finally approved.† The letters recited therein are also enclosed (as annexes to Ansari's speech — see para 2).

9. We believe that, provided reasonable and satisfactory answers to the Commission's queries are forthcoming, the Indian Delegation will avoid, if they can, any finding that there is a *de facto* alliance with the United States contrary to Article 19 of the CFA. We must, therefore, make every effort to ensure that a carefully prepared and suitable reply from the South Vietnamese Mission is received within the prescribed time limit. I am sending copies of this letter with enclosures to our Embassy in Washington for information and possible future reference, in the event that their assistance may be needed.

10. Unless directed by you to the contrary, I propose to discuss the situation as it has now developed with Mr. Durbrow upon my return to Saigon on December 4th.[488] In speaking to him I will confine my remarks as far as possible to the desirability of their co-operating with the South Vietnamese Mission in providing an adequate reply to the Commission's latest request. If you have any suggestions as to what I might say, or if you prefer to handle the matter in Washington, then will you please instruct us by telegram.

J.P. ERICHSEN-BROWN

438. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 444 Saigon, December 15, 1959

CONFIDENTIAL

Reference: My immediately preceding letter No. 443 of Dec. 15.[489]

CONVERSATION WITH PHAM-VAN-DONG

On December 3 on the eve of my departure for Saigon, I called on Pham-Van-Dong, Prime Minister and Foreign Minister of the Democratic Republic of Vietnam. The interview took place in the Presidential Palace at Hanoi and was arranged at my suggestion. I told the Liaison

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[488] La réunion eu lieu le 10 décembre. Voir la lettre de Saigon à Ottawa 422, du 11 décembre 1959,† MAE 50052-A-1-40.
The meeting took place on December 10. See Saigon to Ottawa letter 422, December 11, 1959† DEA 50052-A-1-40.

[489] Non retrouvé./Not located.

Officer that I had enjoyed my chat with the Prime Minister at the Polish reception on November 30 and that I thought the Prime Minister might like to continue it. I was asked what I wished to speak to him about and said nothing in particular and only if the Prime Minister would be interested. I recalled that he had been absent when I was last in Hanoi (in October). I had called on him in November, 1958, and had not seen him since April. The interview lasted about 50 minutes and involved a considerable trading of verbal punches. The tone was generally amicable however, and I was told afterwards by the Liaison Officer who was present that he had enjoyed the talk.

2. On November 30 he had begun with the old line that the DRVN wanted peace. I had observed there was a great desire for peace from all states, including the United States. He refused to concede this, as I expected, having regard to their familiar propaganda line, so I shifted ground slightly by referring to the Khrushchev visit to the United States. He said it had contributed to the international détente, whereupon I commented that some observers wondered whether the détente extended to the Far East. When he comprehended that I was referring to the Peking régime he took the line that China too wanted peace, and threw back his head and laughed when I mentioned Tibet, as if this was a minor episode of no relevance. I sensed that he had been a bit disconcerted with my suggestion that the situation was exceptional in the Far East. It was accordingly partly with the hope of getting some indication of the DRVN's subjection to Moscow's rather than Peking's influence that I had suggested the interview.

3. Our conversation on the 3rd turned first to Laos when he protested strongly against both United States intervention and Mr. Hammarskjöld's visit, maintaining also that the United Nations was not a satisfactory substitute for the Geneva Agreements. I pointed out to him that Canada and most of the states considered the Geneva Agreements remained binding. I asked him whether his government would be satisfied if all United States assistance were replaced by that of the United Nations. He reiterated the necessity of adhering to the Geneva Agreements apparently assuming that I referred to a Korea-type intervention. I clarified by stating I had in mind technical and economic assistance, not military assistance, but he declined to answer the question. My belief is that he was either incredulous that such a solution would be seriously entertained or else sceptical as to the United Nations being other than an instrument of United States policy. Probably the latter if past DRVN propaganda in relation to both Korea and Laos is any indication.

4. Turning to the Vietnam Commission, I told him that the charges made to the Commission by the DRVN in relation to the United States were much too extreme. He said that the Americans ran everything. I said there were relatively few Americans in South Vietnam. He said they were everywhere. I said the South Vietnamese were intense nationalists but anti-communist. He said something about their being stooges of the Americans who had developed South Vietnam into a military base. I said that Canada had a long experience in Colombo Plan aid in a number of different under-developed countries and that I was struck by the fact that the DRVN constantly represented economic assistance as being in fact military assistance, when upon any reasonable standard it ought not to be so characterized. He said he had no doubt as to American motives and added "We will drive the Americans into the sea."[490] I said "What will happen to the Vietnamese nationalists?" He said "They will come around." I asked him whether it had occurred to him that the South Vietnamese viewed the DRVN's relationship with the USSR in somewhat the same way that they regarded South Vietnam's relations with

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[490] Cette remarque fut signalée aux Américains. Voir *Foreign Relations of the United States, 1958-1960*, Volume I (Washington: United States Government Printing Office, 1986), document 115, p. 309.
This remark was reported to the Americans. See *Foreign Relations of the United States, 1958-1960*, Volume I (Washington: United States Government Printing Office, 1986), document 115, p. 309.

the United States. He said that was different. There was a bond of fraternity with other communist states. In addition, the United States had refused to sign the Geneva Agreement. I suggested that they had not broken the declaration which they made at Geneva. He said that was a question of opinion, that they prevented the reunification of Vietnam and repeated that they would "eventually be driven into the sea."

5. His reference to the bond of fraternity with other communist countries gave me an opening. I observed that I was well aware of the ideological bond between the communist countries but I nevertheless wondered how this worked in practice. It was apparent that the North Vietnamese and the Chinese had geographical and racial affinities and similar problems of economic development. I asked if this meant the Vietnamese had felt a closer affinity for the Chinese and generally shared their viewpoint. Pham-Van-Dong said they recognized no differences between communists in the Far East and in Europe and were motivated by ideals that surmounted differences of geography and race. He added that they pursued their own economic development according to the local conditions in North Vietnam. This last observation was put with some show of independence, I thought. It was also consistent with other comments which have been made by Vietnamese in Hanoi during the past year, the general tenor of which have been that there was "no necessity" to introduce the commune system in North Vietnam while avoiding any criticism of the system as such.

6. I recalled that we had been referring to the extension of the détente to the Far East and I said that their attitude toward the Americans seemed hardly consistent with such a détente. He then said that the DRVN wanted peace and that he had been referring to the future. I said "What about the Chinese?" He answered "They want peace too."

7. I again referred to the vehemence of the PAVN charges against the South Vietnamese in the Commission and said that it was natural that this should create some doubts as to their wish for a détente. He insisted that the DRVN had continuously supported the Geneva Agreement and that the North had always co-operated with the Commission. I reminded him that the Commission had decided a number of years ago to have a reconnaissance of the islands off the coast of Vietnam, that this had been completed some time ago in the South but that the Commission was still trying to get the job completed in the Baie d'Along.

8. Referring generally to the work of the Commission, I said that the Canadian delegation endeavoured to maintain an impartial attitude in the Commission but that this was frequently made very difficult by the policy of the Polish delegation, which was to consistently support the charges of the North which, as I had previously said, were frequently so exaggerated that the Canadian delegation was obliged to support the position of the South to preserve a balance in the Commission. He asked what Canada's attitude was toward the Commission and I replied that we thought it performed a useful function. I then asked him whether he was satisfied with the work of the Commission and he said not entirely, with some reference to PAVN complaints about the campaign in the South against resistance workers (communists) which he said the Commission was taking a long time to deal with. I commented that the South was not satisfied with the work of the Commission either and in the same connection. They thought the Commission had tended to favour the North too much. He seemed to be pleased at this.

9. I asked him what he thought should be the future of the Commission having regard to the existing position. He said that he expected it would "drag on." (It was not clear whether he said "s'étendra" or "s'éteindra." We were conversing directly in French. When I sought clarification he spoke to a Vietnamese translator who suggested "drag on." When I repeated this in English he confirmed that this was what he meant).

10. I complimented him on the improvement in conditions in Hanoi which I said was quite evident. I asked him whether the much better supply of consumer goods meant that his government had decided that it should pursue the same policy which had been followed in the

South and which, as everyone knew, had resulted in a very much better supply of the consumer market than was the case in the North. He maintained that the distribution of goods in the South was very uneven, but admitted that Saigon was well supplied. I said I did not believe that his reports on conditions in the South were accurate as my personal observations tended to show that there was generally in the South a much better supply of consumer goods and that the people were better dressed. I said that I was aware there were different priorities given according to communist theories, and that I was interested in the reasoning which had produced the recent changes. He again declined to take up the suggestion that there was a change of policy. He said they were not satisfied with their progress and were constantly endeavouring to improve conditions. He said the economic development in the North was more sound and that goods in the stores were of little value if people had no money to buy. The supply in the North had been increased because their people now had more money to buy things.

11. My conversation with Pham-Van-Dong had a curious sequel. I left him at about 5.50 p.m. and Gilles Grondin who has taken over as local Canadian representative of the Hanoi bureau, was to give a reception starting at 6.30, to which he had asked all the PAVN liaison officers and translators, and also, at the suggestion of the liaison mission, General Giap. The latter arrived at 6.35 and promptly drew me aside for a conversation on the sofa while everyone else remained standing. (He's only 5'2" whereas I'm 6'2".) He referred at once to my talk with Pham-Van-Dong on which he had apparently already been fully briefed. He referred to the Chinese, and my suggestion that they were out of step with the tendency toward a détente, and went on to re-iterate the determination of the DRVN to pursue a policy of peace. My conclusion is that they were concerned that Pham-Van-Dong, who had repeated three times in all, as I recall, that they would drive the United States into the sea, should have left the impression with me that the DRVN was not supporting the Soviet lead in seeking a general détente with the West.

[J.P.] ERICHSEN-BROWN

439. DEA/50052-A-13-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 199 Saigon, December 16, 1959

CONFIDENTIAL. PRIORITY.

Reference: Your Tel 181 Oct 29 TERM.†

Repeat Delhi, London, Washington from Ottawa (Information).

1. Despite Polish move for earlier discussion TERM will not repeat not be included on the agenda until December 15. Following Indian introductory remarks providing minute coverage of all recent correspondence, Chairman tabled draft letter which "regrets to find that the output of work achieved by TERM has not repeat not come up to this Commission's expectations" and then proceeded in a following paragraph to state "after careful consideration of the date available to the Commission and the information furnished by the mission from time to time, the Commission recommends that the mission take all necessary steps to ensure that TERM completes its work and that its personnel be withdrawn from the Republic of Vietnam by December 31, 1960." A brief statement which included our assessment from monthly reports

available of the work accomplished by TERM during the past five months and indicated that based on the volume of material remaining to be processed as recently provided by the mission TERMs activities would not repeat not be completed for 30.5 months. However as the mission had in fact stated "that TERM would be able to cease its activities approximately by the end of 1960," we indicated agreement to the Indian letter.

2. After minor remarks expressing the usual surprise at the Indian and Canadian attitude in relation to TERM, the Acting Polish Commissioner requested that the subject be adjourned until the next meeting obviously to allow discussion with his new superior. TERM will again be discussed in December 22, 1959 and we shall inform you further by telegram immediately following that meeting.

[J.P.] ERICHSEN-BROWN

440. DEA/50052-A-13-40

Le commissaire de la Commission internationale de surveillance et de contrôle pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Commission for Supervision and Control for Vietnam, to Secretary of State for External Affairs

TELEGRAM 204 Saigon, December 22, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Our Tel 199 Dec 16.
Repeat London, Washington from Ottawa (Information).

TERM

As intimated our reference wire TERM was discussed at the 556 meeting of the Commission today after postponement at the request of the Polish alternate delegate at the 555 meeting December 15. Following his usual approach that TERM was illegally in Vietnam, that the Commission had never controlled TERM's operation, that a firm decision to oust TERM from South Vietnam had been taken by the Commission previously to be effective 30 June,[491] the Polish alternate delegate proposed that this organization be given a period of two months, i.e. until mid-February, to finalize its activities and disperse its personnel.

2. The Chairman's stand was that in the Commission's letter to the SVM of December 23, 1958 it had been stated only that "the Commission is of the opinion that TERM should be able to complete its remaining work by the end of June 1959" and he then indicated that it was his contention that this letter was in no repeat no way binding upon the party as a finalizing instrument but that following receipt from the party of information to the effect that TERM had uncovered an additional workload it was not repeat not fitting that the Commission should provide the organization with insufficient time to carry out the task for which it was intended. They sought Polish concurrence to the draft letter which had been cabled previously as reported in our above reference wire. The Polish alternate delegate insisted in taking his previous stand that a terminal date of mid-February should be set whereupon the Chairman having confirmed that we were still in agreement with their proposed draft letter, announced that the Indian draft letter was approved with the Polish delegate dissenting. It may be assumed therefore that in accordance with normal Commission practices the SVM will be informed

[491] Voir/See *Ninth Interim Report*, p. 13.

within 7 days that TERM must complete its work and withdraw its personnel by December 31, 1960. One item has therefore not repeat not been removed from the agenda of the International Commission in Vietnam.

[J.P.] ERICHSEN-BROWN

441. DEA/50052-A-13-40

Note du chef de la Direction de l'Extrême-Orient pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Far Eastern Division, to Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 5, 1960

MILITARY ASSISTANCE ADVISORY GROUP, SOUTH VIETNAM

Mr. Rufus Smith, Counsellor at the United States Embassy, called on Far Eastern Division on December 31, on instructions from the State Department, to request Canadian support for an increase in the number of MAAG (Military Assistance Advisory Group) personnel stationed in South Vietnam. The present ceiling of 342 represents the number of American advisers serving in South Vietnam at the time of the signing of the Geneva Agreements.

2. You will recall that the Americans have approached us on this issue on several previous occasions, the most recent being in June, 1959. At that time Ambassador Wigglesworth presented a memorandum (dated June 2) requesting our support for the continuation of TERM (Temporary Equipment Recovery Mission) and related the request to the problem of an increase in the ceiling for MAAG. (TERM was established on a temporary basis in 1956 to collect and inventory equipment, furnished by the United States and abandoned by the French after the Geneva Conference, and to instruct the Vietnamese in its use. It brought the total American military personnel in South Vietnam to 692.) The American memorandum noted that with the departure of French instructors in 1957 certain TERM personnel had been unobtrusively diverted to duty with MAAG and that should TERM personnel leave Vietnam (as had been requested by the Commission) the effectiveness of the United States training programme would be "seriously compromised" unless the number of MAAG personnel could be increased. The Canadian reply noted that American arguments in support of a ceiling of 888 (the total American *and* French advisers in Vietnam at the time of the Cease Fire Agreement) involved a very liberal interpretation of Article 16 concerning the replacement of foreign military training personnel and it was doubtful that the Indians would agree to such an interpretation.

3. The renewed American request for our support probably results from a recent decision by the Commission (with the Poles dissenting) that TERM should complete its activities and withdraw by December 31, 1960. The Americans wish gradually to increase MAAG personnel, as TERM is "phased out" over the next year, to a total of 685 (which is slightly less than the present combined total for TERM and MAAG of 692). In their most recent approach the Americans have stressed strategic factors rather than legal arguments stating that the South Vietnamese are confronted with a substantial increase in North Vietnamese forces (a total of 300,000 as opposed to 150,000 in South Vietnam) and that they are concerned about preserving "the balance of forces envisaged by the Geneva Agreements." During the discussion Mr. Smith mentioned that they were approaching the British and were hopeful of their support as a result of a statement by Selwyn Lloyd in June, 1958. (According to Canada House the Americans have not yet spoken to the Foreign Office, but their preliminary views are contained in the

attached telegram.)† Mr. Smith also stated that it was proposed to hold detailed discussions in Saigon with the British and ourselves and that the Indians would be approached eventually.

4. We had hoped that with Commission agreement to additional time for TERM to complete its activities (earlier this year it had been called upon by the Commission to withdraw by June 30, 1959) the Americans might not find it necessary to press for an increase in MAAG. This has always been a difficult question, for regardless of the validity of the arguments put forward agreement to an increase in the ceiling for MAAG would need juridical cover and the Commission (i.e. the Indians and the Poles) probably would take a restrictive rather than a liberal view of Article 16 (a view which is supported by our Legal Division). In addition it would be difficult to argue in favour of a change in the ceiling when such arguments were not put forward at the time of the French withdrawal, nearly three years ago. Another cause for concern on this particular occasion is that discussion of the issue at this time might well draw attention to the fact that TERM personnel has been used illegally to perform duties for MAAG. This would place the Indians, who have been co-operative in postponing the departure date for TERM, in an awkward position, a circumstance which they undoubtedly would resent.

5. As it seems unlikely that the Americans can be persuaded to drop their present plans, we are placed in a dilemma on the questions of whether or not we should support the American request and, indeed, on the future of the Commission itself. If the Commission should refuse an increase in the MAAG ceiling either by majority or by unanimous decision and the Americans proceed with their proposal, they will be cited by the Commission for contraven-tion of the Geneva Agreements and requested to arrange for the departure from South Vietnam of those military observers in excess of the established ceiling of 342. There is a definite possibility in these circumstances that the South Vietnamese will simply tell the Commission itself to leave. Alternatively the Indians could decide that the framework of the Geneva structure has been upset by the American action, that there is no longer any point to the continuation of the Commission, and throw up the sponge themselves.

6. I do not think there is any doubt that it is the Americans themselves who should take the initiative in approaching the Indians in Delhi on this problem. In view of our own difficulties in finding an adequate juridical cover whatever the logical or practical arguments that can be marshalled in favour of replacing former French instructors, I doubt whether there would be any point in our attempting to approach the Indians on this basis. If there is any chance of persuading the Indians on legal grounds, we consider it would be much more effective for the Americans themselves to present their case. We might then discuss the matter with the Indians on the grounds that the future of the Commission may well be at stake. We could probably go along with the Indians on a liberal interpretation of Article 16 if some legal solution could be worked out between themselves and the Americans. The chances of such agreement would appear to be slight, however, in view of the recent Indian statement in the Commission that the presence of MAAG personnel does not constitute a violation of Article 16 provided that their total numbers do not exceed 342.

7. There is an alternative course, which might avoid a head-on clash between the Americans (and South Vietnamese) and the Commission. Following the American approach in Delhi we could discuss with the Indians the possible outcome of a Commission debate on the ceiling for MAAG and suggest that as the question involves interpretation of the Geneva Agreements it should be referred by the Commission to the Co-Chairmen for their opinion. If the Indians agreed, the South Vietnamese could send a letter to the Commission stating their intention to increase the number of American instructors and their case for doing so, and the matter by majority vote (Indian and Canadian) could be referred to the Co-Chairmen. A decision, if any, by the Co-Chairmen undoubtedly would not be forthcoming for some time and we see no

reason why the Americans and South Vietnamese could not go ahead with their plans pending such a decision.

8. I think that the Americans would agree to such procedure and that there is a chance that the Indians, in the hope of averting a crisis in the Commission, might agree. It would be necessary, however, to persuade the British of the merits of the proposal as they would be called upon to argue the American case with the Russians. The British previously have taken a line similar to ours: that juridical cover is necessary for agreement to an increase in MAAG and that Article 16 lends itself to a restrictive rather than a liberal interpretation. It is also true, however, that the American case can be argued on logical and practical grounds and that it could be considered within the spirit if not the letter of the Geneva Agreements.

9. I understand that the American Ambassador may wish to call upon you shortly to discuss this matter. If you agree with the course of action suggested, you may wish us first to sound out the United Kingdom on their willingness to deal with this problem at the Co-Chairman level.[492]

R.E. COLLINS

442. DEA/50052-A-13-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni

Secretary of State for External Affairs
to High Commissioner in United Kingdom

TELEGRAM Y-1 Ottawa, January 6, 1960

SECRET. OPIMMEDIATE. CANADIAN EYES ONLY.

Reference: Your Tel No. 18, January 4.†
Repeat Washington and Delhi, Saigon from Delhi (OpImmediate) (Information).

VIETNAM: MAAG

We offered no immediate comment to the American Embassy here, beyond pointing out again the difficulties we foresaw in persuading the Indians, and therefore the Commission, to accept an increase in MAAG strength. Our own strictly legal position remains as indicated in our memorandum of June 2, 1959. However, in the unlikely event that the Indians, after discussing the problem with the Americans, were to discover a new legal loophole, we should probably be able to go along with them.

2. The Americans have a case in commonsense terms for the contention that the situation has altered significantly since 1954 as a result of the withdrawal of French military assistance, and that the South Vietnamese should be in a position to have access to training facilities equal to those at the time of the cease-fire. If the Americans and the South Vietnamese refuse to accept the limitations imposed by the withdrawal of TERM personnel at the end of this year, and are unsuccessful in their attempt to convince the Indians that they have legally defensible grounds for increasing MAAG, there would appear to be a strong likelihood either that the South Vietnamese would denounce the Commission or that the Indians would refuse to accept further responsibility.

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[492] Note marginale :/Marginal note:
Noted. N.A. R[obertson]

3. A possible way out of this dilemma has occurred to us which you might explore with the Foreign Office. If the South Vietnamese were to notify the Commission, with as impressive legal argumentation as they could obtain from the Americans, that circumstances necessitated a request to the United States for an increase in MAAG to bring their training facilities more in line with what was available at the time of the cease-fire, the Indians might be persuaded to treat the problem as one involving a fundamental interpretation of the Cease-Fire Agreement and to request an opinion from the Co-Chairmen.[493] Such a request, with our backing, might avoid a headlong collision between the Commission and the South Vietnamese. It would, however, leave the British with the burden of arguing with the Russians that changed circumstances justify a re-interpretation of the Cease-Fire Agreement. This is a task the Foreign Office might understandably be most reluctant to undertake, but as things now stand we see little other prospect of avoiding a major crisis in the Vietnam Commission unless the Americans are willing to reorganize their training programme.

4. So far as an approach to the Indians is concerned we doubt whether any action on our part at this stage would be of much value. On the other hand, in view of the better understanding which appears to have been reached between Washington and New Delhi, there is just a possibility that the Americans could themselves obtain a sympathetic hearing for the merits of their case. We might then be able to supplement their appeal by emphasizing in our own discussion of the problem in New Delhi the gravity of the situation which is likely to arise if some way is not found to accommodate the requirements of the South Vietnamese. Whether we could go on to suggest that the whole issue might be referred to the Co-Chairmen would, of course, depend on the reaction of the Foreign Office and on what success the Americans may have had in exploring with the Indians the legal possibilities.

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[493] Note marginale :/Marginal note:
Spirit rather than the letter. [Auteur inconnu/Author unknown]

5E PARTIE/PART 5

LA RÉPUBLIQUE POPULAIRE DE CHINE
PEOPLE'S REPUBLIC OF CHINA

SECTION A

COMMERCE
TRADE

443. PCO

Note du sous-ministre du Revenu national pour le ministre du Revenu national

Memorandum from Deputy Minister of National Revenue to Minister of National Revenue

Ottawa, January 15, 1959

VALUATION OF COTTON FABRICS OF MAINLAND CHINESE ORIGIN

Recently a trade representative from Communist China toured Canada, soliciting orders for textile products of Mainland Chinese origin. The prices offered were very attractive, and it is understood that buyers in this country were quite interested. The Canadian industry is alarmed.

A test importation of cotton print cloth in the greige has been made by a Canadian importing agent, and a shipment of one million yards of the same material has been entered by one of our Canadian mills. It is understood that a further shipment of one million yards is on the way to the same manufacturer. The firm making the test importation has requested a ruling regarding the value for duty.

In view of the manner in which production and sale of goods in state-trading countries are controlled, it is impossible to establish a value for duty under section 36 or 37 of the Customs Act. Therefore, it is necessary that the value for duty be established on a basis prescribed by you under section 38(a) of the Customs Act, which reads as follows:

"38. Where in any case or class of cases

(a) the value for duty cannot be determined under section 36 or 37 for the reason that like or similar goods are not sold in the country of export or are not sold in such country in the circumstances described in those sections,

the value for duty shall be determined in such manner as the Minister prescribes."

In the past where goods have been imported from state-trading countries, their values have been compared with the fair market values of comparable goods in countries which have free economies. For example, the prices of goods from Czechoslovakia have been compared with the fair market values of similar goods in Western Germany, Italy and France.

When it became necessary to prescribe a basis of valuation for paint brushes from Mainland China, the United Kingdom was the only area where it was feasible to determine a fair market value for comparable goods. Therefore, you decreed that paint brushes of Mainland Chinese origin should be valued on the basis of prices obtaining for similar brushes in the United Kingdom.

Some cotton fabrics are imported from the United Kingdom, but they are high quality materials, which command premium prices. They cannot be considered comparable.

It is my understanding that United Kingdom exporters of comparable cotton fabrics cannot meet the prices at which United States producers can sell their products to Canada. Therefore, it is logical to assume that the fair market value in the United Kingdom of comparable products of British origin is higher than current prices in the United States.

It could be suggested that the fabrics of Mainland Chinese origin should be valued on the basis of the fair market values of similar goods in Hong Kong, India or Japan. Unfortunately, either we do not have adequate facilities or have not been successful in securing the necessary information to implement such a course of action.

There is no doubt but that a highly competitive market for comparable goods exists in the United States. We are also in possession of considerable information relating to current values in that market. The two constructions of cloth which have been imported were priced at 47 1/2¢ and 50¢ per pound. Comparable fabrics are currently being sold in the United States market at 70¢ and 72¢ per pound, respectively.

The attached statement† shows reported offerings of Mainland Chinese fabrics and current United States values of comparable goods.

In view of the foregoing, I would recommend that you exercise the authority vested in you under section 38(a) of the Customs Act, and order that the value of cotton fabrics of Mainland Chinese origin be determined on the basis of the values of similar fabrics of United States origin.

In view of the importance of this issue, I would further suggest that you discuss it with your Cabinet colleagues. If, following such discussion, you concur in the proposed action, the attached instruction, duly signed by you, will serve as my authority to proceed.[494]

DAVID SIM

444. DEA/9030-40

Le commissaire commercial à Hong Kong
au sous-secrétaire d'État aux Affaires extérieures

Trade Commissioner in Hong Kong
to Under-Secretary of State for External Affairs

LETTER NO. 1 Hong Kong, February 25, 1959

CONFIDENTIAL

RECOGNITION OF MAINLAND CHINA
TOKYO NUMBERED LETTER 63 — JANUARY 23, 1959†

Dear Sir:

In the short run, Mr. Allan Lambert[495] may be correct in concluding that recognition of the government of China would lead to a reduction rather than an increase in Canadian trade, either with China or with other countries in Asia. In the long run, all available evidence sug-gests the opposite conclusion. Furthermore, losses — if any — would be so small and proba-bly of such short duration that little weight could be attached to them when considering the pros and cons of recognition.

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[494] Approuvé par le Cabinet le 29 janvier./Approved by Cabinet on January 29.

[495] Lambert se présenta à l'ambassade de Tokyo au cours de sa visite en Extrême-Orient. MAE 50055-B-40. Lambert had called at the Tokyo Embassy during a visit to the Far East. DEA 50055-B-40.

Our trade with China is already so small — approximately $8 million in exports and $5 million in imports in 1958 — that recognition in itself would be unlikely to make much difference one way or the other. A factor that is far more likely to influence trade with China is the Canadian antidumping policy which has been applied recently to imports of Chinese textiles and paint brushes and this will be the subject of another letter of today's date. In addition to being small in volume and value, current Canadian exports to China are of such a nature — primarily raw and semi-processed materials and scientific equipment — that China would in all probability continue to import them from Canada even if Canadian recognition were [not] forthcoming. China's trade with West Germany which has not extended recognition and with the United Kingdom which has, suggests that generally factors other than recognition per se are dominant in deciding the source of China's imports. The experience of the Canadian Trade Office in Hong Kong in dealing with the Chinese suggests that economic factors such as prices and delivery dates are the primary determinants where essential imports are concerned. On the other hand, Chinese relations with Japan are a clear indication that China's trade policies will be tailored to political needs in extreme cases. At the moment, however, there is little or no evidence to suggest that Canada is due for Chinese treatment of the type experi-enced by Japan.

With respect to other areas in the Far East it is doubtful if Canada would lose any substantial amounts of trade because of recognition of the Central People's Government of the People's Republic of China — beyond an isolated case or two of the type referred to by Mr. Shriro respecting the Philippines. Of all the countries in the East only the Philippines, Taiwan, South Korea and, possibly, South Vietnam would be likely to take such serious umbrage at our recognition of the government of China that they might refuse to trade with Canada. In any event, in terms of overall Canadian trade, loss of exports to these countries would represent only an infinitesimal fraction of the total. (Canadian exports to these four countries totalled only $11.4 million in the first nine months of 1958). Furthermore, recognition of the Chinese government by Canada would be applauded by our other Asian friends, notably India, Pakistan, Ceylon, Indonesia and, although Japanese public applause might be muted, Japan whose leaders would doubtless be moved by feelings of envy rather than of hostility. In these circumstances, trade losses, if any, would be light and more than counterbalanced by political, and sooner or later by economic, gains in Asia and other areas.

An extra copy of this letter is included for transmittal to the Department of Trade and Commerce.

Yours very truly,

C.J. SMALL

445. DEA/9030-40

Le commissaire commercial à Hong Kong
au sous-secrétaire d'État aux Affaires extérieures

Trade Commissioner in Hong Kong
to Under-Secretary of State for External Affairs

LETTER NO. 2 Hong Kong, February 25, 1959

CONFIDENTIAL

SINO-CANADIAN TRADE
OUR LETTER NO. 1 — RECOGNITION OF MAINLAND CHINA

Dear Sir:

In my letter under reference, I discussed the probable effects of Canadian recognition of the Chinese government on Canadian trade with Asia in general and with China in particular. I argued that recognition would have little influence one way or the other and suggested that in the case of China a factor that is far more likely to influence trade is the Canadian anti-dumping policy which has been applied recently to imports of Chinese textiles and paint brushes. We have already had definite indications from the main Communist trading firm here, the China Resources Company which represents the Chinese State Trading Corporations, that dumping duties applied to goods from the mainland are likely to seriously affect our trade with China. In fact, the Assistant General Manager of the China Resources Company, Mr. L.C. Pu, has commented that the recent application of dumping duties to paint brushes and textiles is likely to extinguish "the green light" for the promotion of Chinese trade with Canada. In other recent conversations with Mr. Pu, he was most pessimistic and said he had referred the whole question of our dumping duty policy to Peking and was not at all sanguine about the reply he expected to receive.

Our current trade with China being so small, it would take little or no soul searching on the part of the Chinese to conclude that it is not worth the candle, especially if it appears to them that we are taking discriminatory action by applying dumping duties to Chinese exports to Canada. Certainly, Japanese trade a year ago was worth a great deal more to the Chinese than Canadian trade is today and they did not hesitate to cut it off when offended by Japan. On the other hand, trade with Canada has definite political advantages for the Chinese because of our close relationship with the United States and they may well decide that it is worth putting up with our unpleasant tariff policies for the benefits to be gained from annoying the Americans by trading with Canada.

In discussions with the China Resources Company, the Canadian Trade Office in Hong Kong has consistently pointed out that our tariff policies are applied without discrimination. In addition, the onus has been placed on the Chinese to provide accurate information on their production costs so that any necessary revaluation for duty purposes would be much less arbitrary than is necessary at the present time.

An extra copy of this letter is included for transmittal to the Department of Trade and Commerce.

Yours very truly,
C.J. SMALL

446. DEA/9030-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], May 1, 1959

SHIPMENT OF GOODS FROM MAINLAND CHINA IN BOND THROUGH THE UNITED STATES

You will recall that on March 31, we wrote to the United States Embassy to enquire why shipments of mainland Chinese goods in bond through the United States were not ensured freedom of transit under Article V of the General Agreement on Tariffs and Trade. Mr. Browne, the Member of Parliament for Vancouver-Kingsway, has, I understand, again raised with you the problems created for Gill-Pix Express Lines of Vancouver, who were stopped by the American Customs from passing their trucks in bond through the United States because they were believed to contain goods from mainland China. I am attaching a copy of my memorandum to you of March 31† on this subject and a copy of our letter to the United States Embassy.†

The United States Embassy have now replied. A copy of their letter of April 22 to the Department is attached.† The letter sets out in some detail the reasons which the United States Government believe justify their taking this action under the national security clause of the GATT. The letter reiterates the well-known basis for the embargo by the United States on all commercial relations between the United States and mainland China. Their position is that under American law there exists a national emergency, dating from the outbreak of the Korean war, which has not been terminated by a peace treaty but which has been the subject only of an armistice agreement. I think it would be profitless to challenge the legal validity of the American argument, since, of course, the real difficulty arises from basic American policy towards Communist China.

Further, I am inclined to think that it would not be worthwhile to make formal representtations to the United States authorities on these matters. In the parallel matter of the application of Foreign Assets Control Regulations to the parent firms of Canadian companies, you will recall that the United States agreed to consider granting exemptions from the strict letter of their law only for such transactions as were of quite considerable importance to the Canadian economy. It would be difficult to argue that these transit facilities were of such great economic importance.

Accordingly, I have prepared a letter to Mr. Browne†, along these lines, for your consideration.

We are, of course, making some discreet enquiries about the United States allegation that smuggling into the United States has taken place from these trucks.

N.A. ROBERTSON

447. DEA/11280-1-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL Ottawa, May 6, 1959

UNITED STATES FOREIGN ASSETS CONTROL REGULATIONS — EXEMPTION FOR FAIRBANKS, MORSE & COMPANY

Early in April, the Department of Trade and Commerce granted an export permit to the Canadian Locomotive Company of Kingston, Ontario, covering the sale to the Communist Chinese Railways of 100 re-conditioned steam locomotives for approximately $10 million. Fairbanks, Morse and Company of the United States has a 77% interest in the Canadian Company. It was, therefore, necessary for Fairbanks, Morse to apply to the United States Treasury for an exemption from the United States Foreign Assets Control Regulations. This they did, on April 16; they advised the United States authorities that the contract had been executed in all its details and only awaited the approval of the United States Government to make it effective. The exemption has not yet been issued.

The Canadian export permit was issued, with the approval of Mr. Churchill, in the light of the fact that steam locomotives are *not* on the internationally-agreed list of strategic goods under embargo to the Soviet Bloc and because these steam locomotives were wholly of Canadian origin. In applying for an exemption Fairbanks, Morse drew the attention of the United States authorities to the fact that the order would have an appreciable effect on the Canadian company and on the Canadian economy and it would mean employment for at least 1250 in the Kingston area. There was no other Canadian company that could carry out this contract. There can therefore be no question that this contract falls within the terms of the understand-ing reached last year between yourself and the President providing for exemptions to be issued for certain exports.

Yesterday afternoon, officials of our Embassy in Washington were called to the State Department and, in effect, were asked to have the issuance of the Canadian export permit re-considered on the basis of information about the importance to China of these locomotives. This information was to be passed to us by the United States Embassy here. Our representatives in Washington made it quite clear that consideration of such questions was outside the terms of the understanding and it was, therefore, most unlikely that our export permit would be withdrawn.

This afternoon Mr. Thompson, the United States Minister, came in to tell us that 100 Canadian locomotives would be an increase of 18% in the estimated 1959 production of locomotives by China. We pointed out to him that while this might be interesting information (we were already aware of these facts), this had no bearing on the granting of an exemption. We told him quite firmly that this transaction fully met the agreed criteria, that the Canadian Government expected a permit to be issued promptly, and that it would be a matter of great concern to the Canadian authorities if an exemption were not forthcoming, for it would then be clear that the United States was trying to impose its own policy on Canadian firms and that the understanding reached last year[496] was valueless.

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[496] Voir/See Volume 25, Document 465 n. 68.

Mr. Thompson seemed distressed by the vigour of our reaction and apparently conferred with the State Department by telephone. He later advised us that he was authorized to say quite unofficially that if Canada decided to let the permit stand, the State Department would advise the Treasury Department to issue the exemption. He was not clear whether or not the Treasury Department was bound to take the State Department's advice.

I would recommend that we inform Mr. Thompson that we are not withdrawing the export permit. Of course this proposed export, like most other exports of any substantial quantity of goods, is of economic importance to China, but we would be most ill-advised to start restricting our trade with China in any way, except to honour the internationally-agreed list of strategic goods and to continue to take such steps as are necessary to ensure that United States goods are not illegally shipped to China from Canada.

We might, if you agree, say to Mr. Thompson that:

(a) we are grateful for his bringing to our attention the information about Chinese locomotive production;

(b) the Canadian authorities have not re-considered their decision to issue an export permit because the information brought to our attention did not relate to matters within the terms of the understanding between you and the President; and

(c) it would be a matter of very considerable concern to the Canadian Government if an exemption were not granted forthwith.

I understand a recommendation along these lines is being put before Mr. Churchill.

N.A. R[OBERTSON]

448. DEA/9030-40

L'ambassadeur aux États-Unis
au ministre du Commerce

Ambassador in United States
to Minister of Trade and Commerce

TELEGRAM 1123 Washington, May 8, 1959

CONFIDENTIAL. OPIMMEDIATE.
Reference: Ott Tel ET-601 May 7.†
Repeat External (Information).

FAC EXEMPTION FOR FAIRBANKS MORSE

We have been told by Byrns, of the Canadian Desk, State Department, that Treasury clearance has been granted and the USA Embassy, Ottawa, will shortly inform you officially of this.

449. DEA/9030-40

Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM ET-634 Ottawa, May 14, 1959

CONFIDENTIAL. OPI MMEDIATE.
Reference: URTEL 1140 May 12.†
Repeat GATDEL Geneva, T&C (Warren, Schuthe) (OpImmediate) (Information).

TRUCKING IN BOND

In the light of the information in your telegram under reference, the Prime Minister has approved a recommendation that you should keep this matter under review and that, if you should judge in a week's time that formal representations to the USA authorities are necessary, you should make the appropriate approach to the State Department. These representations, which at your discretion may be either oral or in the form of a memorandum, should be along the following lines: Begins:

Aide-Mémoire

Ottawa, May 13, 1959

It has been drawn to the attention of the Canadian Government that trucks operated by Canadian companies have been denied the right to carry goods in bond through the United States to Canada. The Canadian Government views with concern this interference with a long-established right in international commerce which is of considerable importance to the economic welfare of our two countries.

The right to move goods freely in transit is set out in some detail in Article V of the General Agreement on Tariffs and Trade, to which both Canada and the United States adhere. The Canadian Government understands that the United States authorities believe that the action they have taken is not in conflict with United States obligations because of the provisions of Article XXI of that Agreement. It is the view of the Canadian Government that Article XXI was not intended to provide for such interference with normal commercial trade. Further, the Canadian Government does not believe that the rights of Canadian transportation companies to carry goods in bond through the United States are founded solely on the General Agreement. Shipment in bond has long been an important aspect of the commercial life of both countries regulated at the federal level only by customs formalities and like matters and at the provincial or state level, by legislation affecting highway safety and vehicle licensing. The Canadian Government, therefore, is not prepared to accept that the General Agreement on Tariffs and Trade has in any way narrowed its rights to freedom of transit nor is it prepared to accept that it is appropriate for United States law to be applied to goods which are the subject of commerce between Canada and any third country and which could not be regarded as having been imported into the United States.

The United States authorities will be aware of the importance to the United States of the transit facilities made available in Canada and will recognize, therefore, the importance which the Canadian Government must attach to the maintenance of freedom of transit for bonded shipments through the United States.

The Canadian Government assumes that it is open to the United States authorities to take appropriate steps under United States law to restore freedom of transit and trusts that the United States authorities will give sympathetic consideration to the views of the Canadian Government in this matter.[497] Ends.

450. DEA/9030-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM ET-642 Ottawa, May 16, 1959

CONFIDENTIAL. PRIORITY.
For Ritchie from LePan.

FAC EXEMPTION FOR FAIRBANKS, MORSE

At my request, Tyler Thompson called on me yesterday to discuss some aspects of our previous representations on this matter. I told him that Ivan White had read to you some sections of a report to the State Department from the United States Embassy here on discussions with Canadian officials at the time that the Embassy had brought to our attention certain information about the locomotive production capacity of Mainland China. There appeared to be misunderstandings on two points and these misunderstandings gave us some concern.

2. The first was a suggestion that it had been the view of Canadian officials that the information brought to our attention by the United States Embassy had been slanted in order to persuade us to withdraw the export permit. I stated that this had not been the view of the Canadian Government or of Canadian officials, and presumably the misunderstanding on this point had arisen out of an apparent discrepancy between the information reported from our Embassy in Washington and the information put before us by the United States Embassy here.

3. The second misunderstanding was over the view imputed to Canadian officials that the action of the United States authorities in bringing this information to our attention called in question the understanding between the President and the Prime Minister and the more detailed understandings worked out to implement this broad undertaking. I explained that neither the Canadian Government nor Canadian officials had the slightest intention of impugning the reality or value of these understandings: rather, Canadian officials had wished to point out that there were those in Canada who questioned the practical usefulness of these arrangements and it might add to the force of their criticism if a particular exemption were withheld.

4. Thompson welcomed these reassurances and undertook to report them.

5. I went on to comment that we always welcomed information on the economic capacity of the Sino-Soviet Bloc countries as well as any United States assessment of such information.

6. Thompson showed us a copy of a telegram reporting the earlier interview. We did not comment on any of the other matters discussed in it.

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[497] Cet aide-mémoire ne fut pas utilisé. Voir le document 451.
This aide-mémoire was not used. See the Document 451.

451. DEA/9030-40

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 1239 Washington, May 22, 1959

RESTRICTED. OPIMMEDIATE.
Repeat T and C from Ottawa (OpImmediate) (Information).

TRUCKING IN BOND

We are reporting below an excerpt which Willoughby of State Department has given to us from a teletype sent today to their Embassy in Ottawa. Begins. The following may be used as desired in answering enquiries: based on the recommendations of the Department of State, the Treasury Department has relaxed the Foreign Assets Control Regulations so as to permit in transit shipments of merchandise of Chinese Communist origin in bond across USA territory by highway or railway en route from and to places in Canada. No repeat no change is involved with respect to transhipments of merchandise from or to vessels in USA ports. The relaxation does not repeat not involve any change in the USA interpretation of its obligation under the GATT but was instituted in the interests of our friendly relationships with our northern neighbour. Ends.

2. Willoughby has indicated that if the Canadian authorities desire to use this information in answering any questions, the State Department will have no repeat no objection. If you propose to do so, however, you might wish, as a matter of courtesy, to let the USA Embassy know.

3. It will be appreciated that this action has been taken by the USA authorities without any formal representations from this Embassy. It was not repeat not necessary to use the draft containned in your telegram ET-634. We assume that in anything which may be said publicly by the Canadian authorities about this USA decision credit will be given to the USA Government for having acted on their own initiative to correct a situation which was troubling USA-Canada relations.

[A.D.P.] HEENEY

452. DEA/9030-40

Le commissaire commercial à Hong Kong
au sous-secrétaire d'État aux Affaires extérieures

Trade Commissioner in Hong Kong
to Under-Secretary of State for External Affairs

LETTER NO. 131 Hong Kong, December 28, 1959

CONFIDENTIAL

VISIT TO CHINA — SINO-CANADIAN TRADE
TRADE RESTRICTIONS — WHEAT, COPPER, WIRE CLOTH

Dear Sirs:

Because my visit to China appeared to offer possibilities for some trade promotion as a side line to my main objective, I took along trade information and trade publications in case such opportunities occurred. On arrival in Peking, in addition to applying to the Ministry of Foreign Affairs for an interview, I submitted similar applications to the Ministry of Foreign Trade and to the State Trading Corporations of greatest interest to Canadian exporters. These included the China National Import and Export Corporation; the China National Cereals, Oils and Fats Export Corporation; the China National Transport Machinery Import Corporation; the China National Machinery Import Corporation; the China National Metals Import Corporation; and the China National Instruments Import Corporation.

The Ministry of Foreign Trade declined to see me because they were "too busy" but added that I should call on the State Trading Corporations to discuss trade possibilities. As I had to cut short my stay in Peking, only the Cereal, Oils and Fats Corporation had agreed to see me before I left and I spent a dreary hour and a half there defending Canadian, and pointing out the inconsistencies in Chinese, trade policies. In between, my opponent and I did manage to discuss prospects for Canadian sales of wheat to China which was my primary objective.

Trade Restrictions

I had met Mr. Pan Ta-kang of the Cereals Corporation previously at the Canton Fair but on that occasion he had confined himself largely to the business at hand, namely wheat. This time he had obviously been doing his homework for he launched into a long discourse on Canada's "unfriendly attitude" towards China reflected in its application to Chinese goods of dumping duties which, he said, were impeding the expansion of trade in both directions. I suggested that there appeared to be some misunderstanding about which side was restricting trade since imports into Canada were in the hands of private traders and perfectly free to enter as far as the Canadian Government was concerned. I agreed that in a few cases where the existence of Canadian industries had been threatened by low priced imports, dumping duties had been applied but without discrimination and to various countries over many years. In the case of China, only two items had been affected: paint brushes and grey cotton cloth. These had come in at prices threatening the livelihood of Canadian workers and no country in the world, China included, allowed such a situation to persist without taking some protective action. Furthermore, paint brushes had continued to enter Canada from China providing proof that the dumping duty had not seriously affected that trade. On the other hand, China had the tightest trade control system in the world which affected both imports and exports and effectively preven ted our firms from actively promoting Sino-Canadian trade.

Another argument advanced by Mr. Pan was that the lack of diplomatic relations was hampering trade expansion. However, I pointed out that Chinese trade missions to Canada in 1957 and 1958 had not found this to be the case and had, in fact, received every facility from the Canadian Department of Trade and Commerce and from the business community. In contrast, I had been refused an interview with the Chinese Ministry of Foreign Trade.

Mr. Pan then claimed that trade should be balanced in both directions and China's friendly gesture last year in purchasing seven million dollars worth of Canadian wheat had not been reciprocated but had been, in effect, rejected by our unfriendly attitude. When I pointed out that in recent years, with the exception of 1958, China had chalked up successive favourable balances in its trade with every year as in some years it would be up and in some years it would be down! He then confined his arguments to Canada's alleged unfriendly attitude.

Wheat

During the course of our conversation Mr. Pan several times repeated that China had surpassed the United States in wheat production but that it would never compete with Canada for world wheat markets. I assured him that we were not afraid of competition and pointed out that Canadian wheat had special characteristics including strength, quality and quantity of protein lacking in other wheats which enabled us to sell our wheat even in the United States (up to the point where prohibitive U.S. restrictions prevented further sales). Attempts to elicit the state of China's current grain harvest only brought the official figures of 250 million tons for 1958 and 275 million tons for 1959. Mr. Pan was equally uninformative on Chinese grain exports but did not demur when I suggested they were between one and two million tons (mostly rice) and agreed that they were but a small fraction of total production.

In passing, I mentioned that the Canadian Wheat Board is happy to send technical experts abroad to demonstrate the best methods of handling, and uses for, Canadian wheat. However, Mr. Pan said that the Chinese use wheat in forms differing from those common to the Western countries and therefore needed no outside technical advice. I pointed out that eating habits change and cited Japan as an example of a rice eating nation which is now importing substantial tonnages of wheat from Canada; also that China would soon have a population of 1,000 million and if living standards rose at the same time Japan's experience might be repeated in China. At this point Mr. Pan said that Japan, being a small country, had to import to survive but that China could provide for itself, although on this and other occasions in our conversation he said he was not ruling out the possibility of wheat imports to China.

A curious and perhaps significant feature of Mr. Hou's side of the conversation was that he returned on several occasions, without prompting from me, to the same statements: that although China had an enormous production of wheat and other grains and needed no imports, its population was growing and wheat imports at some time might be a possibility; the main consideration was the attitude of the Canadian Government; if it changed prospects would be better. I assured him that my presence there was proof of the Canadian Government's interest in promoting trade with China and we parted as usual on friendly terms, neither side having budged from its opening position. However, I believe these exchanges are not ineffective. From observation it appears that the worst possible tactic with the Chinese is to lie down and let them walk all over you. This is what the ilk of Marshall Johnson do and the Chinese have nothing but contempt for them as a result. This conversation and others with foreign observers in Peking have conformed me in my belief — repeated in several of my earlier letters — that this year's grain crops in China are smaller than last year's and that the Chinese are in for a lean time next spring. Naturally, this does not necessarily mean that they will import wheat in 1960 but the possibility of such action should not be ruled out.

Copper Wire Cloth

The only other item of trade intelligence that I picked up in Peking was that China is buying substantial quantities of paper making copper wire cloth. I ran into a Mr. Cockerill representing the United Wire Works of Edinburgh and he drew from a letter he had just received from his firm a photostatic copy of my *Foreign Trade* article (published September 12) on the paper industry in China which had been reprinted in the November 12, 1959 issue of *The World's Paper Trade Review*. (Note for Miss Mary Hill, Editor of *Foreign Trade*: At least some businessmen read *Foreign Trade*, even if they are our competitors!) Mr. Cockerill's firm had commented as follows:

"Mr. Small's article mentioned that Chinese production of copper wire cloth amounted to 60,000 square metres or about 600,000 square feet. An average of one square foot of paper machine wire cloth produces one ton of paper. Therefore, if China produces one million tons of paper annually over paper machine wires — as opposed to hand made paper and small mills — then this leaves about half a million square feet of wire cloth which will require to be imported, because out of the 600,000 square feet produced locally much must be required for the flour milling and chemical industries."

Mr. Cockerill added that the figures in my article and the above deductions from it had been borne out during his stay in Peking and he had been able to take orders for £1 million worth of copper wire cloth from the Chinese and could have sold more if his firm had been able to supply it.

I am sending three copies of this letter direct to the Department of Trade and Commerce as they may wish to pass on the above information to the Canadian Wheat Board and to exporters of copper wire cloth.

Yours very truly,
C.J. SMALL

SECTION B

VISITE PROPOSÉE À LA TROUPE D'OPÉRA DE PÉKIN
PROPOSED VISIT OF THE PEKING OPERA COMPANY

453. DEA/10438-AE-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], January 2, 1959,

POSSIBLE VISIT TO CANADA OF THE PEKING OPERA COMPANY

As you know, the exchange of visits between Canada and Communist countries has thus far been confined largely to the U.S.S.R. and Eastern European satellites.

A few Mainland Chinese have been permitted to come to Canada (on two occasions recently Hong Kong representatives of Chinese Communist trade interests have made tours of Canada and Chinese professors have attended the Pugwash Conference) and an increasing number of Canadians have been visiting Mainland China, including the Trade Commissioner in Hong Kong. During the past three years, the question of a visit to Canada by the Peking Opera has been raised on a number of occasions. Mr. Nicholas Goldschmidt, Artistic and Managing

Director of the Vancouver Festival Society, recently discussed with Mr. Macdonnell the possibility of arranging for Chinese participation in the Vancouver Festival in 1960. Mr. Goldschmidt gave March 1959 as the latest date for starting negotiations with the Peking Company with a view to arranging performances in Vancouver in 1960. Mr. Macdonnell told him that there were several conflicting considerations involved in the problem which would have to be put before the Government before a decision could be taken.

This problem has been brought up in the past by the Stratford Festival in 1955, Mr. Koudriavtzeff of Canadian Concerts and Artists Inc., Montreal in 1956, as well as by the Vancouver Festival on a previous occasion in 1957. This year Mr. Koudriavtzeff and the Stratford Festival have again communicated with us on the subject. On these occasions we did not recommend that visas be granted to the Company, although Mr. Applebaum of the Stratford Festival was told in September that we had no objection to his making preliminary inquiries of the Chinese without committing himself.

Among the secondary considerations to be taken into account in reaching a decision on this subject is the likelihood that the Stratford Festival would also wish to arrange performances of the Peking Opera Company should the Vancouver Festival be successful in doing so. (It should also be noted that Mr. Koudriavtzeff of Canadian Concerts and Artists is considering the possibility of bringing the Peking Circus to Canada for the month of March 1959. Although he has not yet made any formal application, I thought you should know that he may be bringing the matter before the Department.)

In its performances abroad, the Peking Opera Company offers a varied programme which includes short scenes from some of the operas in the Peking repertoire adapted to the Western taste, mime, and peasant songs and dances. Although there is little or no direct propaganda content in the performances themselves, it may be assumed that the Chinese regard these tours as having a good deal of indirect propaganda value, and they have in fact been universally well received wherever they have performed. The Company has been successful in tours in Europe and Asia, and more recently in South America and Australia and New Zealand.

The arguments against admitting the Peking Opera Company which have carried the day in the past were based on such considerations as the probability that many Canadians might find it difficult to understand why, while not recognizing Communist China, we would permit a visit of such dimensions by an official opera company. This appeared to have special relevance in view of the fact that such a visit would have been on a larger scale than any we had so far permitted from the Soviet Union and would have attracted considerable publicity. Another argument against admitting the troupe was the effect its performances might have on Canadians of Chinese origin. (The Company's tour of New Zealand appears to have had this effect on New Zealanders of Chinese origin.) A final consideration was that our admission of the Peking Opera might cause misunderstanding in the United States. In addition to all these factors, there was further the consideration that as some or all of the individuals making up the Peking Opera Company must be considered to be communists, a specific act on the part of the Minister of Citizenship and Immigration, on the recommendation of the Department of External Affairs, would have been required before visas could have been granted to permit the Peking Opera to come to Canada. This consideration no longer carries significant weight, since we have developed a considerable number of exchanges with the Soviet bloc.

Of these arguments the first — which argued against the desirability of admitting such a large company from a country we do not recognize when no similar visits had taken place from the Soviet Union — no longer strikes me as being valid. Other members of the Commonwealth which do not recognize Communist China have admitted the Company, and we have since admitted the Moiseyev Dancers who may be compared to the Peking Opera. The argument regarding the political advantages which the Chinese Communists might be expected to derive

through the Company's effect on Chinese-Canadians retains much of its force. I do not think it reasonable, however, to believe that we can indefinitely quarantine the Chinese-Canadians from the effects of the Communist seizure of power nine years ago; sooner or later this problem will have to be faced and it may be profitable to do so in easy stages rather than risk a sudden cultural as well as political invasion by the Communist Chinese should diplomatic relations be established between our two governments at some time in the future. That is to say that the overseas Chinese community in Canada might be better prepared psychologically to accommodate themselves to the idea of recognition, without transferring their active support to the Communist régime, if more innocuous contacts were first established with cultural, as well as trade organizations in China. The final consideration, regarding possible misunderstanding in the United States, may no longer have the same force as it did. Many other countries have now admitted the Peking Company, and there is a growing understanding in the United States of the differences between Canadian and United States policies regarding trade and contacts in general with Communist China. Admittedly, our geographical position ensures that such a visit would attract a great deal of attention in the United States, but the end result of such publicity might be a favourable one.

You will recall that in our memorandum to the Prime Minister of June 11, 1958,[498] you proposed for his consideration "a policy of moving by gradual stages toward recognition. These stages would involve a stepping up of unofficial contacts, particularly in the field of trade." In the annex to that memorandum, it had been suggested that: "Instead of discouraging those Canadian festivals and impresarios who have asked to bring in the Peking Opera, we might allow this event to take place. In general, we might show a willingness to follow a policy of cautious cultural, scientific and industrial exchanges along the lines of the policy already adopted for the Soviet Union." Speaking on this subject in New Delhi, the Prime Minister said that "We want the contact between the Canadian and Chinese people to continue. It is a question of events and circumstances. We hope that it will be properly restored. We are encouraging trade and other contacts with the Chinese at the present time." A visit by the Peking Opera would presumably be in line with this general approach. While such contacts could be considered as part of a policy of proceeding by gradual steps toward eventual recognition, they would not commit the Government in any way and a visit by the Peking Opera would be without prejudice to our present position in this regard.

In these circumstances I would recommend that a favourable response might now be given to the Vancouver Festival's request to bring the Peking Opera to Canada in 1960.[499] Should you wish to discuss this matter with your Cabinet colleagues, I will have a draft memorandum to Cabinet prepared for your consideration.[500]

N.A. R[OBERTSON]

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[498] Voir/See Volume 25, Document 466.

[499] Note marginale :/Marginal note:

This has not been considered by the Panel on Visits. The object of this memo was to ascertain your views & develop an agreed Deptl. position before taking the matter to the Panel. R. C[ampbell] 7/1/59.

[500] La visite fut approuvée par le ministre en mars 1959, après étude de la demande par le bureau des échanges de visites. L'opéra de Pékin se produisit au Festival de Vancouver en 1960. Il fit ensuite une tournée canadienne, et la troupe s'arrêta à Calgary, à Toronto, à Montréal et à Ottawa. Voir le *Canadian Annual Review 1960*, p. 332 à 33. Le *Annual Review* révéla que « Since the company was unable to visit the United States, many visitors came to Canada especially to view the productions ».

The visit was approved by the Minister in March 1959, following consideration by the Visits Panel. The Peking Opera did appear at the Vancouver Festival in 1960, and then went on to a tour of the country, making appearances in Calgary, Toronto, Montreal, and Ottawa. See *Canadian Annual Review 1960*, pp. 332-33. The *Annual Review* reported that "Since the company was unable to visit the United States, many visitors came to Canada especially to view the productions."

CHAPITRE IX/CHAPTER IX

AFRIQUE
AFRICA

454. DEA/11253-B-40

Document de la Direction européenne
pour discussion à la conférence des chefs de mission en Europe

Paper by European Division
for Discussion at European Heads of Mission Meeting

PAPER NO. 9 Paris, October 26-29, 1959

CONFIDENTIAL

MOVEMENT FOR INDEPENDENCE OF AFRICAN TERRITORIES

The long-term trend in Africa is unmistakably towards autonomy in all areas, with the ultimate establishment of régimes which will be at least dominated by the preponderant racial group in each. A pattern of broader associations (in some cases probably federations) will be established between African states. Some states or groups may, in turn, retain links — but only on a basis of sovereign equality — with extra-African powers or associations. There are a few areas where the supremacy of metropolitan authorities or of local minority régimes is very strictly maintained and where the transition will be long and quite possibly bloody, but the end result even in these is in no real doubt.

2. In the short term, the picture is far more uncertain. Pace is all-important and a fundamental conflict exists, as in all colonial areas, between the champions of haste and the champions of gradualness. The forces of African nationalism, on the one hand, tend to believe that all subject peoples are ready and able to take control of their own affairs immediately or almost immediately. The metropolitan powers tend to believe that gradual and orderly progress, with growing experience in the procedures and problems of government, will make for a more successful transfer of sovereignty in the end. There is, of course, right on both sides. Neither side, however, acts wholly from a disinterested and unemotional weighing of all the factors.

3. On the African nationalist side, the most important factor is simply the feeling of humiliation at having an inferior status and the desire to end it as soon as possible, at whatever cost. This is usually coupled with a tendency, born of political inexperience, to under-estimate the difficulties involved. There may also be a desire to make the metropolitan power suffer for past humiliations and injustices. There is a tendency for nationalist groups in different areas to make common cause with one another and this may encourage all of them to take more extreme positions. Still another factor is the influence of political leaders who see extremism as a means of self-advancement. Finally (although this list is by no means exhaustive) there is the influence of outside powers, such as the Soviet Union, which espouse nationalist causes as a means of gaining a foothold in Africa.

4. On the side of those who advocate delay, there are also factors other than a simple assessment of what is in the best long-term interests of the subject peoples. At one extreme, there is refusal — as in the case of the South Africans, for example — to admit the inevitability of the eventual outcome, or the acceptability of any step which may tend towards it. In much less extreme cases there is still some element of national pride and prestige, and reluctance to see

colonial possessions break away. There are motives of national economic interest. Policies of delay may be followed in deference to the wishes of an entrenched and privileged minority on the spot. Finally (and again the list is not exhaustive) there is the natural tendency for colonial powers to maintain a common front against the pressures of anti-colonialism, and this may lead some of them to go more slowly than they would otherwise do.

5. None of these motives enters directly into Canadian calculations, simply because Canada is neither in Africa nor a colonial power. This does not mean, however, that Canada is in a position to make an absolutely impartial assessment of African questions, although it is obviously much better able to do so than the protagonists of either side. Canada has no cause to stand out against the broad trend towards independence of African territories. On the contrary, the degree of sympathy Canada may show towards African aspirations in the coming months and years will largely determine the relations this country may eventually enjoy with the African powers which emerge — and these states and groups of states will be of major economic and political importance to the world. In a narrower field of self interest, Canada does have immediate economic interests in Africa which may affect its stand on some African questions. A much more important influence on Canadian policy, however, is its relation, apart entirely from Africa, with some of the most important powers which are directly involved in the continent. Canada's close ties with the United Kingdom and with France, for example, have an obvious bearing on Canadian policy, as do its associations with other countries of the Commonwealth holding such divergent views as those of India and South Africa.

6. Thus, there are in essence three types of motivation for Canadian policy on African questions, and it is useful to consider which are predominant in any given policy decision:

(a) self interest, e.g. matters of obvious and immediate economic concern to Canada or Canadian interests, or the long-term motive of wishing to be on good terms with powers of ultimate world importance;

(b) disinterested calculation of what is best for the continent itself, e.g. sympathy with the legitimate aspirations of subject peoples, on the one hand, and opposition to violent or hasty and ill-considered change on the other;

(c) the desire to meet the immediate wishes of our friends, e.g. support of the colonial policies of NATO or Commonwealth associates. In this last case, the Canadian position is based not on African considerations but on Canada's other international links and commitments. It is useful, therefore, to go a step further and examine the policies of the powers Canada seeks to oblige, since these policies may be based either on disinterested assessment of the situation, or on any of a much wider range of matters of self interest than Canada, with its limited involvement, need take into account.

7. There are three main ways in which Canada may be called upon to formulate policies on African questions:

(a) *The United Nations*. If it were not for the United Nations it would not be necessary for Canada to have a policy or to take a public stand on most African issues which do not directly affect our interests. In the Fourth Committee particularly, however, and in the perennial examination of South African items, Canada cannot avoid taking a stand on most of the fundamental and contentious issues of colonialism and African political advancement. It is in this forum, too, that Canada's attitudes are most critically appraised by the emerging African states and by anti-colonial powers generally; it is also in this forum that Canadian support is solicited by some of our closest associates in the international field;

(b) *Representation*. The rapid evolution of African states and groupings has led to a need for increased Canadian representation in Africa, both as a desirable gesture of interest in and soli-

darity with newly-emerging states, and also because of the growing need to be informed on and to form an independent Canadian assessment of trends and developments. With its limited resources, Canada has been forced to be satisfied with much less representation on the spot than is desirable, and has been subject to a variety of pressures in deciding where its limited resources should be concentrated. To date, the force of the Commonwealth incentive has been decisive, and south of the Sahara Canada has diplomatic missions only in two Commonwealth states, the Union of South Africa and Ghana, and plans for establishing missions in two more, Nigeria and the Federation of Rhodesia and Nyasaland. Other independent states, particularly Guinea and Liberia, and the North African states of Morocco and Tunisia, have been ignored, together with the important groupings of former French colonies in West Africa and Equatorial Africa, the rapidly evolving Belgian Congo and the British territories in East Africa. For the moment, no further expansion of Canadian representation in Africa is planned, but it is nonetheless useful to consider what pattern of representation would be most desirable for the future.

(c) *Economic and Technical Aid.* Canada's programme in this respect for the whole of Africa is very modest indeed, although it is perhaps of a potential significance out of proportion to present or contemplated outlays. Here again the tendency has been to concentrate on Commonwealth areas, and in an even more restricted way than in the case of representation. Ghana has been the principal beneficiary to date, and Nigeria will almost certainly be the next area for concentrated attention. Again, the rest of Africa has been largely ignored, and it might be useful to consider whether economic or technical assistance in other areas would be possible or desirable.

455. DEA/11038-6-C-40

Compte-rendu de la discussion du document précédent

Record of Discussion of Preceeding Paper

CONFIDENTIAL [Paris, October 29, 1959]

MOVEMENT FOR INDEPENDENCE IN AFRICA

Mr. Dupuy said that the movement towards independence was a common factor in Africa. The accepted explanation of this trend was the surge of nationalism. Yet it was doubtful how far the African masses are aware of nationalism. Frequently a few youths having studied in the West returned to use democratic phraseology to convince the metropolitan powers that the time was ripe for Africa to enjoy freedom, justice, and democracy. Nationalism in Africa was effectively equivalent to anti-colonialism. The policies of the USA and the USSR had stimulated the African independence movement since the first world war. However, there was a great difference between evolutionary independence achieved by developing states with lengthy Western traditions, and the sudden independence of a native population mostly primitive and illiterate. Indiscriminate independence could lead to indiscriminate chaos. Africa was divided into fifty-six countries with population of over two hundred million. Twenty-one of the non-independent territories are British controlled and in varying stages of autonomy. The UK had taken the commendable initiative of training local leaders where possible and gradually handing over the administration to them. This had been a successful policy in most instances. The history of French territories was different. As in France itself, centralization had long been practised. Only the coming to power of de Gaulle in 1958 had effectively altered this situation despite earlier legislative attempts such as the 1956 loi-cadre. The Community as institutionalized by the Vth Republic was liberal. Constituent states may depart at will, as did Guinea at

the time of the referendum. The problem of Algeria was different because of the long-standing important economic development and the high proportion of Europeans in the population. De Gaulle's offer on September 16 of three alternatives from which the people of Algeria will choose freely, and the FLN response to this offer, give some hope that hostilities will cease perhaps by year-end. For the Community proper, the continuing freedom to choose independence was not, however, an end in itself. Economic help was required to make independence more than nominal, as the case of Guinea proved. Guinea had chosen "freedom" at the urging of Sékou Touré, a Prague-trained, marxist trade union leader. The Soviet bloc had been quick to take advantage of this situation by opening missions and offering aid. Perhaps the idea was to create a model popular republic with the hope that the example would be followed elsewhere in Africa. There were great temptations for the Africans to imitate the methods by which the Soviet Union had become a highly industrialized nation in forty years. The problem for the West was a multilateral one. Canada might first become better informed about Africa by using sources — such as Canadian businesses with African operations, and Canadian missionary organizations in Africa. The Department might create an African division and train specialists in this field. Canada, by reason of its dual culture, could do much to aid Africa in the important field of education, especially since the Africans often did not wish to look for this to their former metropolitan countries nor to the USA because of racial reasons.

The discussion began with comments by several Heads of Mission on the relation of African problems to the governments to which they are accredited. Israel had shown substantial interest in providing technical assistance to newly independent states such as Ghana, presumably not least in order to develop friendly relations with Africa even if this was not possible with the Arabs. At the same time the Israelis undoubtedly were eager to meet the communist challenge in Africa. Belgium had realized its colonial policy was outdated when recent rioting occurred in the Congo. Independence was now accepted but the questions of when and how remain unresolved. The pace in that part of Africa was really set by de Gaulle and the Belgians considered this pace too rapid for the state of the natives of the Congo where the Belgians had prevented rapid evolution. Canada, for reasons of religious and language affinities might help the Belgians. The situation in Portugese Africa apparently remained stable; the Portugese practice of establishing real equality between natives and European Portugese eliminated a cardinal cause of anti-colonial feeling. The intention of the Portuguese was to develop, as far as capital shortages permitted, their overseas provinces for the good of all local inhabitants. This did not imply in any sense that the Portugese would contemplate an eventual transfer of sovereignty. The Portugese wanted to see Angola and Mozambique as part of the NATO defence region as was Algeria. The UAR had played the rôle of troublemaker in Africa but there were now signs of some relaxation of the Egyptian attitude. The country might gradually exert an influence more compatible with that of the West. The UAR seemed less determined in its support of war in Algeria perhaps because of the opportunity presented thereby to the communists. Nasser had come to realize too that Black Africa would not look to him for leadership and he feared that communist influence might well grow in the region.

On more general matters, *Mr. Reid* noted the conclusions reported to him of a recent German Heads of Mission Meeting on Africa: no single African political personality of stature exists; economic development is greatly varied, particularly according to the currency zone of influence to which the states belong; political boundaries might change in the future; the communist influence in Africa was strongest in French territories; the situation in South Africa was explosive; and more extensive repression in Portugese Africa had recently been necessary. Germany received frequent requests for assistance from African territories but avoided assisting those not completely independent for fear of offending the metropolitan powers.

The question of communist influence was examined. There were many African students in the Soviet bloc, who received preferential treatment and were exposed to indoctrination. African leaders visiting Moscow received well-organized demonstrations of enthusiasm which undoubtedly left false impressions of their spontaneous nature. On the other hand, it was suggested that the extent of present communist influence in Africa may be overestimated. In Ghana, it was little evident although the communists were certainly doing their best. In response to this communist challenge, NATO was examining increasingly the rôle which it might play through consultation on Africa. It was too soon to know how this would develop but with any growth in the European interest in Africa, there might be a corresponding movement towards greater NATO activity.

The consensus was that Africa confronted the West with a problem of prime significance. Africa is likely to be in a fluid state politically and economically for some time. There was one trend towards independence and neutralism, and another towards independence but with the retention of economic and cultural links with the former colonial powers. From the point of view of these latter, important problems remained. Despite the genuine nature of de Gaulle's offer to Algeria, would the people of France ultimately permit Algeria to secede thus threatening French retention of the Saharan oil and gas potential? (It was suggested that if pursued without relent, the principle of self-determination — so strongly supported by the USA on the basis of racial groupings — might someday be put forward as an argument for the secession of predominantly Negro states in the Southern USA.) Another problem in Africa was the fact that precipitate independence resulted in a loss of business confidence and lack of private investment in the States. The movement towards independence was perhaps based mainly on racial prejudice, but if the pace of political evolution were sufficiently fast to give general satisfaction to the nationalists it would be easier to retain strong links, both political and economic with the metropolitan power. But if political repression created a revolutionary situation, these important links were more likely to be irreparably severed. The movement was likely to quicken in coming years. There would be a need for outside middle and small powers to assist these new countries.

Canadian diplomatic representation in Africa was discussed and considered to merit a high priority. It was suggested that certain trade commissioner posts there might be advantageously raised to consulates-general, and others might be opened on this basis or as full diplomatic mission. Ethiopia, Sudan, Tunisia and Morocco were mentioned, and the necessity for treating the last two as much the same as possible was noted. The Minister said that Africa offered an exciting prospect for Canada. The country could play an important part in the development of the continent. A mission in Nigeria would be opened shortly and the Department had a small unit in operation to study African trends, which might develop into an African [division].

CHAPITRE X/CHAPTER X
AMÉRIQUE LATINE
LATIN AMERICA

PREMIÈRE PARTIE/PART 1

COMMISSION ÉCONOMIQUE DE L'AMÉRIQUE LATINE
ECONOMIC COMMISSION FOR LATIN AMERICA

456. DEA/5475-CY-3-40

Le sous-ministre adjoint des Finances
au sous-secrétaire d'État aux Affaires extérieures

Assistant Deputy Minister of Finance
to Under-Secretary of State for External Affairs

Ottawa, May 26, 1959

Dear Sir:

Attention: Mr. R. Grey

In your letter of May 13, 1959,† you asked for our views on the suggestion that Canada should display more interest in the activities of the Economic Commission for Latin America by sending observers on a regular basis to the plenary sessions of ECLA and to those meetings of its subsidiary bodies which are of special interest to Canada. You explained that your suggestion was intended to meet the pressures on the Government to take a more active part in Latin American affairs. These pressures come primarily from Canadian exporters and from Latin American Governments.

The Canadian exporters in question are a small, but vocal group. They claim that they are losing their markets in Latin America and other under-developed countries because they cannot offer credit terms as favourable as those given by their competitors. Their efforts therefore have been directed towards obtaining from the Government medium and long-term credit facilities.

The Government will be introducing during the current session of Parliament amendments to the Export Credits Insurance Act which should go a long way towards meeting the demands of the exporters.[501] The pressures from this group should therefore diminish. In any event, I doubt whether more active Canadian participation in ECLA could do much to satisfy the real demands of Canadian exporters. An initial favourable reaction might turn into a feeling of disappointment and frustration if, as seems likely to be the case, the course of action which you propose was not followed by concrete results in terms of higher sales. For these reasons, I do not believe that the pressures from Canadian exporters to which you refer in your letter should weigh very heavily in deciding whether to take a more active part in ECLA.

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[501] Note marginale :/Marginal note:
This is a commercial not a financial question. [Auteur inconnu/author unknown]

The network of diplomatic and commercial posts which we maintain in Latin America is surely adequate to deal with our political, commercial and other interests in that region and should provide ample evidence to the Latin Americans that, within the limits imposed upon us by our resources and our commitments in other parts of the world, we wish to maintain close and friendly relations with them. Recent dispatches from some of our Latin American posts, however, indicate that several Latin American Governments are not quite satisfied with the situation as it now stands and would like to have us more deeply involved in the affairs of the region. The question therefore seems to be whether we can maintain the *status quo* without losing too much of the goodwill which we have built up since the end of the war. In this connection, I would like to point out that in their desire for greater Canadian participation in the affairs of their region the Latin Americans are governed to an important extent by the hope that they can use us to offset the influence of the United States in their affairs and that we will act as a mediator between that country and themselves. We should be careful to avoid being manoeuvred into a position where we would lose the goodwill of both the United States and the Latin Americans.

I am not convinced that our relations with Latin America have reached a point where failure to display more interest in their affairs by way of participation in multilateral organizations would result in a substantial deterioration in our relations with them.[502] On the contrary, I think that there is much to be said for keeping our relations with them on a bilateral basis. However, I would be prepared to defer a final judgment on this matter to your Department. If your judgment is that we must do something and if other Departments do not object, I would not want to stand in the way of, although I would have misgivings about, the course of action which you suggest.

If your suggestion is acted on, I would like to stress that the role of our representatives should be limited strictly to the one of observer and that we should be represented only at those meetings of the subsidiary bodies of ECLA which are of obvious and direct interest to Canada. Generally speaking, the more enmeshed we get in Latin American affairs, particularly on a multilateral basis, the more likely we are to create expectations which we cannot meet, such as, for instance, the expectation that we extend some economic assistance to the region. This would probably result in a worsening of relations.

Yours sincerely,

A.F.W. PLUMPTRE

[502] Note marginale :/Marginal note:
This is a political not a financial consideration. [Auteur inconnu/author unknown]

457. DEA/5475-CY-3-40

Le sous-ministre adjoint du Commerce
au sous-secrétaire d'État aux Affaires extérieures

Assistant Deputy Minister of Trade and Commerce,
to Under-Secretary of State for External Affairs

Ottawa, June 4, 1959

Dear Sir:

Attention: Mr. R. Grey

You wrote on May 13 about the desirability of increased Canadian participation in the Economic Commission for Latin America, suggesting that more regular and strengthened representation would be desirable as a token of Canadian interest in Latin American economic affairs which might go some way to meet pressures in this direction which have come from Latin American governments and Canadian exporters.

In this Department we are well placed to learn of the satisfaction or dissatisfaction of Canadian exporters with the state of our relations with Latin American countries, particularly as these relations may affect opportunities for trade. The export community naturally expects that our official relationships with Latin American countries will be of a nature to encourage trade and inter alia they are anxious that Canadian representation in Latin America should be adequate for this purpose. It would be an exaggeration however to suggest that we have been under particular pressure to join or to step up our representation in regional Latin American organizations.

Many of the Latin American governments would, of course, welcome greater Canadian involvement in their regional affairs. But in the past we have found that the advantages which might accrue through a modification of the Canadian policy of "non-engagement" in the OAS for example were more than outweighed by the probable disadvantages, including the political as well as the economic pressures which the Latin American bloc might bring to bear upon us, and the difficulties which might from time to time arise in our relations with the United States, the United Kingdom, and other countries were Canada to become identified with the Latin American group. Moreover, I have always thought that if we were to enter into some special association with the Latin American club our relations with particular countries might deteriorate rather than improve, once the honeymoon period was over. As an associate more would be expected of us than we could properly undertake having regard to other relationships of a more important character, and the net result might be a feeling of frustration which could harm our trade rather than enhance export opportunities.

Despite my general misgivings about moving into closer association with the Latin American countries, I would be prepared to support your proposal that our participation in ECLA should be intensified. I would agree that we should be regularly represented by a competent observer at ECLA's plenary sessions and that as need arose we might also have representatives observe at subsidiary meetings and conferences of special interest to Canada. My interest in seeing our participation strengthened in this way arises less from general considerations than from a desire to be better informed about the regional economic arrangements which are being discussed in Latin America. Reports prepared by observers attending ECLA meetings could provide a useful supplement to the information on this range of subjects presently being received from our Missions and otherwise. Moreover, should Latin America thinking on trade policy be developing in a regional and protectionist direction contrary to Canadian interest, the presence of a Canadian observer at important ECLA meetings might

prove useful should it be decided to make known Canadian views and concerns in the regional forum, as well as in the different capitals.

I agree that our Mission in Santiago should be asked to keep us more fully informed of ECLA activities, particularly commercial policy developments, and that we should draw on our Missions in Latin America for the observers we would wish to send to the main ECLA meetings and subsidiary meetings of special interest to Canada. Presently I do not foresee occasions when it would be appropriate to send senior officials or Members of Parliament from Ottawa for this purpose.

Since the proposal is only to intensify our participation in ECLA activities on an observer basis, I doubt whether any serious questions arise as regards Canadian representation in ECE, ECAFE, or the new Economic Commission for Africa.

If it is agreed to proceed in the manner suggested, I assume that there will be consultations between the departments concerned about the representatives chosen to attend the meetings in which we decide to participate. As you note in your letter, there are a number of officers presently in Latin America who have had considerable experience in economic and trade questions. There is something to be said for a certain amount of continuity in our representation at ECLA meetings, but on the other hand there would be advantages in using officers who are on the spot in the different capitals, both from the point of view of economy and that of widening their experience. It is tempting to think of asking Mr. Bower or Mr. Couillard to observe at some of the ECLA meetings. I should be inclined to think, however, that except perhaps for the most important meetings, representation by one of our Ambassadors might give rise to undesirable speculation about our willingness to become more closely involved in Latin American affairs. I am sending a copy of this letter to the Department of Finance, the Bank of Canada, the Department of Agriculture, the Department of Fisheries and the Privy Council Office.

Yours faithfully,

J.H. WARREN

458. PCO-E-35

Note du secrétaire adjoint du Cabinet pour le secrétaire du Cabinet

Memorandum from Assistant Secretary to Cabinet to Secretary to Cabinet

CONFIDENTIAL [Ottawa], June 11, 1959

ECLA

The initial interest in this matter was generated when Mr. Smith met with Heads of Canadian Missions in Latin America in Rio de Janeiro, November 1958. The feeling at that time was that Canada might, for political reasons, increase its activity in this UN organization.

Initially, External Affairs suggested that we might send a senior officer, versed in economic matters, to attend as an observer those meetings of particular interest to Canada. I understand that this view has been modified and it is now suggested that Canada should continue to attend as an observer, but be represented at a junior level. It has been stressed on several occasions that we do not want to become too deeply involved in Latin American affairs, particularly because of the pressures that would almost certainly develop for us to join the various Latin American organizations and participate in their aid and technical assistance programmes. As Warren has pointed out, increased participation on a more formal basis would not necessarily lead to an increase in Canadian exports to this area.

In August 1957, Cabinet discussed the possibility of Canadian membership in the Organization of American States (OAS). At that time, they decided that Canada should be represented at their meetings by an observer. I feel that formal representation in ECLA has many of the same disadvantages as membership in OAS, and if our participation is placed on a higher level, might well result in increased pressure for Canada to participate on a fuller basis in OAS activities. I feel, therefore, that the recommendation that is now going to the Under-Secretary that Canada should be represented at meetings of ECLA at a junior level is wise and unlikely to cause complications.[503]

W.R. M[ARTIN]

2E PARTIE/PART 2

CUBA

SECTION A

FIDEL CASTRO ET LE GOUVERNEMENT RÉVOLUTIONNAIRE
FIDEL CASTRO AND THE REVOLUTIONARY GOVERNMENT

459. DEA/10224-40

L'ambassadeur au Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

DESPATCH D-4 Havana, January 8, 1959

CONFIDENTIAL

BATISTA'S FALL

New Year's Day, 1959, was probably the most memorable New Year's Day for Cuba in this country's history. It marked the fall of a legend, the legend of Batista's invulnerability, and the rise of a new legend, that of the young Cuban guerilla leader who, in two years, starting with a force of a few dozen members, has risen to control a nation of six million people. Although it had become apparent during recent months that Batista's hold on Cuba was slipping, his sudden departure in the early morning hours of January 1 surprised most residents of Cuba. Many of the exact details of Batista's last hours, the reasons for his sudden decision and the events of January 1 and 2 will probably never be clarified, but the following summary may serve to supplement the spotty reports published by the international press.

2. Fidel Castro has issued his version of the events which forced Batista's flight from Cuba, although this version probably contains some inaccuracies designed to assist Castro in crushing any Batista sympathizers who may hope to retain some influence in the new Government. According to Castro's version, one of the senior army Generals in Havana, General Eulogio A.

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[503] Notes marginales :/Marginal notes:
I agree - file no need to act in this matter. R.B. B[ryce]
I know there are dangers about becoming too involved in South America but, on the other hand, there are markets there which for some time I have felt we've been cautious about trying to develop. [Auteur inconnu/author unknown]

Cantillo Porras, headed a plot among army officers to swing the army support to Castro. Castro has released the texts of an exchange of letters between General Cantillo and himself, leading up to a meeting in Santiago de Cuba with Cantillo three days before Batista's flight. At this meeting, it was apparently decided that on January 1 Cantillo would announce the army's support for Castro and arrange for the seizure of Batista and all his senior government officials. Castro claims that following his return to Havana, Cantillo notified Castro that the plan would have to be postponed until January 6 and then proceeded to organize his own military junta to seize power in Havana. According to this version, Cantillo warned Batista that the army would seize power on January 1, thus allowing Batista and most of his senior officials to escape from Cuba before the attempted coup. As soon as Batista and his followers had left Havana, Cantillo attempted to set up the Chief Magistrate of the Supreme Court, Dr. Carlos M. Piedra, as the provisional President according to the terms of the 1940 Constitution. This treasonous plot collapsed, according to Castro, because the remainder of Cantillo's junta fled with Batista so that Piedra refused to carry on in the scheme and resigned.

3. Meanwhile, Castro approached the leader of the military garrison in Santiago de Cuba, Colonel José Rego Rubido, with the original scheme as agreed to by Cantillo. Rubido at first refused to lay down arms. Castro then ordered a rebel march on Santiago. However, when news of Piedra's refusal to assume power in Havana was handed to Col. Rubido, he met Castro at the outskirts of Santiago and turned over the complete Santiago garrison peacefully to the Castro forces. As a reward for this gesture, Castro has named Col. Rubido as Chief of the new Cuban Army and has arrested Cantillo, charging him with high treason. It is also worthy of note at this point, that the new Chief of the Cuban Navy, Gaspar Bruch, was the Commanding Officer of a small frigate stationed in Santiago harbour who arranged for the surrender of the naval forces to Castro on January 1. Defection apparently has paid off for both of these former Batista officers.

4. In Havana, news of Batista's flight began to filter out in the early morning hours of January 1. The Havana radio stations confirmed that Batista, most of his Cabinet and 50 or 60 top Government officials had fled the country sometime between 2 and 4 a.m. on January 1. Two notable exceptions were the former head of the Cuban Confederation of Labour, Eusebio Mujal, who is reported to have received asylum in the Argentine Embassy, and the President of the National Bank, Martinez Saenz, who has been arrested. Several other lesser government officials have also succeeded in gaining asylum in one or another of the Latin American Embassies, although the rebel groups have succeeded in seizing many real or suspected Batista supporters or sympathizers. Castro has warned that many heads will fall in revolutionary justice. Recent newspaper reports indicate that more than 1100 police, army and air force personnel plus many civilians are under detention. The rebels have promised military justice for the chief offenders but have indicated that minor officers who acted honourably under orders might be recalled to duty. Apparently at least ten armed forces officers have already been put to death after summary court martials. This does not seem to be too good an omen for fair trials for the others.

5. The public announcement of Batista's departure was the signal in Havana for wild rejoicing, which took the form of racing automobiles, blaring horns, cheering crowds displaying the red and black Castro colours and the occasional shot. By noon on January 1 the shots were becoming more than occasional. Mobs of unruly youthful Habaneros entered police and army stations which had been surrendered peacefully, seized all available weapons and began to roam the streets. It was unfortunate that Batista chose the eve of a holiday for his flight, since all workers were, therefore, available to take part in whatever rioting might occur. As soon as it became obvious that the provisional government of Carlos Piedra would not be functioning, the disorganization became complete. In spite of occasional pleas for restraint

broadcast by the radio, the wandering mobs became more unruly. They sought out suspected Batista sympathizers, killed several (later reports state that 70 people died in Havana street fighting) and put others to flight, savagely looted the homes of former Cabinet Ministers or government officials (including Batista's daughter's residence), looted the army-supported free import stores and seized most of the Havana radio and TV stations. Havana residents were in more danger from these youthful hoodlums than they ever were from the actual 26th of July troops. Road blocks were thrown up on the major Havana streets and any citizens foolish enough to travel were stopped at almost every intersection and forced to identify themselves.

6. This disorganization continued through the afternoon and night of January 1, on January 2 and during the early hours of January 3. By that time, however, legitimate members of the 26th of July movement, complete with up to two years' growth of hair and beards and colourful guerilla costumes, had arrived in Havana. These troops have by now earned considerable respect for their orderly and subdued deportment. They immediately issued orders designed to call in the arms held by wandering mobs, placed a strong curfew on Havana residents for the night of January 3 and gradually brought the city under more or less effective control. Meanwhile, the general strike which Castro had called as soon as he learned of Cantillo's perfidy continued in effect until midnight of January 4. As a result, local city transportation collapsed entirely, shortages of food, milk and drinking water became serious for many unprepared Havana residents; garbage collection facilities ceased to function, and traffic conditions degenerated from Havana's usual bad to worse.

7. During the height of the crisis in Havana, the American and Canadian Embassies made arrangements to evacuate in the neighbourhood of 1700 American and Canadian tourists and students stranded in Havana by the general strike. A separate report to Ottawa outlines the steps taken in this regard (our letter No. L-5 of January 5, 1959).†

8. Castro remained in Santiago de Cuba long enough to swear in his candidate for President, Dr. Manuel Urrutia, 57-year old former Judge of the Santiago District Court, to name his new Cabinet (list sent under our letter No. L-2 of January 6† — in a later report we shall attempt to provide some comments on the more important members of the Cabinet) and to proclaim that Santiago de Cuba would be the new capital seat, although no further action has been taken regarding this announcement. Early news releases regarding the pronouncements made by Castro and Urrutia gave no indication of any plans for an election or any suggestion that the new government would be temporary. However, on January 7 the recently elected Congress was dissolved by presidential decree and all Political Parties abolished; however, a promise was issued that elections would be held within 18 to 24 months (a rather long period for a provisional President to retain power). In the meantime, the new President and his Cabinet will rule Cuba by decree, a procedure which Cubans have become accustomed to during the last two years of the Batista régime.

9. As soon as he had installed his candidate as provisional President, Castro began a triumphal journey by land from Santiago to Havana. This slow journey, obviously designed to cement Castro support throughout the island and to allow the 26th of July troops already in Havana time to solidify their positions has been further slowed by the poor condition of the roads, resulting from Castro's earlier activities, and by two to three-hour Castro speeches in each major centre en route. The Cubans, always quick to hail a conquering hero, are apparently turning out in force to cheer Castro on his journey, and at the time of this writing plans are underway to provide a rousing welcome in Havana for the Castro procession, which has grown with each stop. Some concern has been expressed that Castro is delaying his entry to Havana too long and that the revolutionary unity preceding the victory may not persist long after the victory. An indication of this tendency to split into factions appeared on January 7 when the so-called 13th of March Revolutionary Directorate, the survivors of the University Students'

armed attack on the Presidential Palace on March 13, 1957, who had created a second front in Las Villas Province, issued a statement demanding participation in the provisional government for all revolutionary organizations, and a part in drawing up the government's programme and setting the date and form of the general elections. Urrutia made a major speech before the University faction in an obvious attempt to prevent an open split from developing. One of the main dangers, however, for Cuba in the forthcoming weeks will be the great possibility of quarrels among the various factions which form the new group of victors. This will be complicated by the presence in Cuba of ex-President Carlos Prío Socarrá, whose political party has been dissolved, but who will without doubt wish to exert some influence in the future reorganization of the Republic. He was, after all, for some time the only source of funds for Castro's rebels.

9. Since this report was drafted we have learned that the Revolutionary Directorate (university students) have taken over the third floor of the Amber Motor Building in which we are located and that the front door of this office building is now under 24-hour armed guard and some visitors to the Embassy are being stopped and questioned.

HECTOR ALLARD

460. DEA/11562-116-40

L'ambassadeur au Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

TELEGRAM 45 Havana, March 16, 1959

RESTRICTED. PRIORITY.
Reference: Your Tel X-47 Mar 12.†

FIDEL CASTRO

Your telegram crossed my telegram 44 March 13.†

At diplomatic reception given by Foreign Minister Saturday, he expressed to me the hope that Castro might be invited to Canada by some Canadian organization while he is in Washington next month. He was informed that it may well be at this time of year with session in full swing and a number of foreign visitors expected in Canada that it might prove difficult for this to be arranged.

2. Castro is obviously doing his very best to squeeze an invitation somehow to get to Canada and I am only hopeful that the Junior Chamber of Commerce in Montreal will not repeat not put into operation their reported intention to invite Castro to Canada. I believe more and more that this should be prevented at all costs as Castro is fast becoming victim of his own verbosity and also a tool of communist elements surrounding him.

[HECTOR] ALLARD

461. DEA/11562-116-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], March 20, 1959

POSSIBLE VISIT OF CUBAN PRIME MINISTER TO MONTREAL, APRIL 18

The Junior Chamber of Commerce of Montreal have confirmed that they have invited Fidel Castro to attend the closing (probably on April 18) of their proposed campaign for toys for Cuban children. Castro has not yet accepted.

This is similar to the situation which had developed in Washington where Castro will visit on April 17, as guest of the American Society of Newspaper Editors. The United States Government are expected to take notice of Castro's stay in Washington by way either of an official luncheon or dinner or of a formal call on the President.

In Havana, the Cuban Foreign Minister expressed to our Ambassador the hope that Castro might be invited to Canada.

It is manifestly impossible to prevent the Junior Chamber of Commerce from inviting Castro to Montreal, if they so wish. Furthermore, if the United States Government take official notice of Castro's stay in Washington, the Canadian Government cannot very well ignore Castro's visit to Montreal.

Consequently, I recommend that, if and when Castro accepts the Junior Chamber's invitation and provided it is confirmed that the United States Government will take official notice of his visit to Washington, the Canadian Ambassador in Havana be instructed to convey to Castro the Canadian Government's pleasure on learning of his impending visit to Montreal and to invite him to Ottawa, if he has time, as guest of the Government. Some function in keeping with what may be done in Washington could then be planned for Ottawa.[504]

Alternatively, you may feel that it would be to the advantage of Canada if we were not to wait until the United States Government established their programme (which may not be until it is almost too late for us to act), and if we were to inform Castro now that the Canadian Government would be glad to see him accept the Junior Chamber's invitation and, if possible, come to Ottawa also.

N.A. R[OBERTSON]

[504] Note marginale :/Marginal note:
P.M. agrees to this course. H.B. R[obinson] Mar. 25.

462. DEA/11562-116-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], April 6, 1959

FIDEL CASTRO

The Chambre de Commerce des Jeunes de Montréal have confirmed to us that the Cuban Prime Minister has accepted their invitation to come to Montreal Sunday, April 26, not on Saturday, April 18, as previously envisaged.

It has also been confirmed that, in Washington, Acting Secretary of State Herter will invite Sr. Fidel Castro for luncheon (about a dozen guests). The State Department Press Officer has also let it be known that Sr. Castro would be welcomed "as a distinguished leader of the Cuban nation towards which the United States has had friendly and close relations."

If you agree, our Ambassador in Havana will inform the Cuban Prime Minister that, should he have time to come to Ottawa following his visit to Montreal, you, as Prime Minister, would be glad to be his host at luncheon. The date suggested would be Monday, April 27, if you concur. Arrangements for the luncheon would be made by this Department.

Thus Sr. Castro would no longer come to Ottawa "as guest of the Canadian Government," as I had recently recommended, but at his own expense. This would be more in line with the position of the United States Government.

It is my understanding that the Chambers of Commerce in Toronto and Hamilton are anxious to play hosts to Castro.

N.A. R[OBERTSON]

463. DEA/11562-116-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour la Direction de l'Amérique

Memorandum from Assistant Under-Secretary of State for External Affairs to American Division

[Ottawa], April 13, 1959

FIDEL CASTRO'S VISIT TO CANADA

At the suggestion of the Under-Secretary, I saw Mr. Rewinkel of the United States Embassy at 3.15 this afternoon to give him some background of our reaction to this visit.

2. I explained first that we had taken no initiative in this matter. An invitation had been extended by the Junior Chamber of Commerce in Montreal. Mr. Fidel Castro had accepted this invitation without prior consultation with us. So far as we were concerned, the visit had a private character. I added, however, that representations had been made in Cuba and in Ottawa which led us to believe that Fidel Castro and his party were now manoeuvring to give the visit a somewhat more formal character.

3. I then stressed that the prospect of Fidel Castro's visit was not entertained with any particular enthusiasm. We were somewhat worried as to the implications of Mr. Carrillo's

arrest. Mr. Carrillo was until lately the Cuban Ambassador in Ottawa and if he was charged on account of his official activities while in Ottawa, this might involve criticism of the Government here. For this reason, the present inclination was if Mr. Castro comes to Ottawa to do the minimum which would be possible without giving offense. The plan was for the Postmaster General to give a small luncheon and to arrange a short appointment with the Prime Minister on the 28th of April.

4. I added that considering Mr. Castro's record, we were a little worried as to what he might say publicly and as to the nature of some of his requests. It would be our hope that during his stay in Ottawa no ill-considered statements would be made concerning relations with other countries or investments. We were hopeful that the United States authorities concerned would appreciate our attitude concerning Mr. Castro's visit to Canada. As far as we could, we were trying to parallel the action which was being taken by the United States authorities.[505]

5. Mr. Rewinkel said that he was grateful for this background information which he would pass on to Washington and he added that he understood fully our difficulties.[506]

M. CADIEUX

464. DEA/4568-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], April 23, 1959

RECENT EVENTS IN CUBA

The most significant factor which has emerged during the first 3½ months in office of the Cuban revolutionary government is that Prime Minister Fidel Castro appears to have taken complete personal charge of the affairs of the country.

Dr. Castro was sworn in as Prime Minister on February 16 when Dr. José Miro Cardona, who had become Prime Minister following Batista's downfall, resigned because he had too little real authority and had to refer to Castro for the smallest decisions, even though the latter held no formal appointment in the Government. However, the official reason given for Dr. Cardona's resignation on February 13 was that he had completed his main task, which was to draft a Fundamental Law intended to replace the 1950 constitution until the next elections. One of the major effects of this new Fundamental Law was the lowering of the age limit for the presidency from 35 to 30, which now makes Dr. Castro (aged 32) eligible for that office.

Dr. Castro's continuing practice of making spontaneous pronouncements on every subject at almost any time or place is causing ill-will, even among his own supporters. The "war crimes trials" have also lowered his prestige, not only abroad; they are reportedly being criticized in Cuba, particularly following the re-trial and sentencing to long prison terms under Castro's personal orders of 45 airforce personnel originally acquitted by a tribunal. Dr. Castro's recent

[505] Note marginale : / Marginal note:
No security. [Auteur incommu/author unknown]

[506] Le 22 avril, les Affaires extérieures furent informées que Castro serait forcé d'écourter sa visite. Il ne passa que quelques heures à Montréal et ne se rendit pas à Ottawa.
On April 22, External Affairs was informed that Castro would be obliged to cut his visit short. He spent only a few hours in Montreal, and did not visit Ottawa.

decision to extend the death penalty to persons guilty of misusing public funds has caused further speculation that he is more interested in revenge than justice.

The Canadian Ambassador in Havana has pointed out that Dr. Castro's various attacks on "property" and "vested interests" have caused profound uneasiness amongst the 20% of the Cuban population who are owners of either small or large holdings. Businessmen are beginning to worry that these statements may be a forerunner of a similar attack on private business enterprise. There is a fast growing movement of distrust and opposition to the present trend which is being given to Cuban politics as a result of irresponsible and alarming statement by Castro. To many observers, Dr. Castro now appears unqualified for the leadership of a revolutionary government, which requires constant nursing and guidance, and the constant adulation of his entourage and the jungle law under which he lived in the Sierra Maestra were obviously a poor preparation for him in leading his country towards democracy.

[quatre lignes ont été supprimées/ four lines have been omitted]

Although professing his faith in democracy, Dr. Castro has been very hesitant about announcing a specific date for the holding of elections in Cuba. In his latest statement on the subject, he outlined a list of prior conditions (e.g. that every sick Cuban have a bed, doctor and medicine; that Cuban youth have athletic fields and beaches; that there be national sovereignty, patriotism and economic independence) which would seem to preclude the holding of elections for several decades.

In foreign affairs, Dr. Castro has displayed an increasing tendency to blame the United States for Cuba's economic and political problems and to insist on a neutralist position for Cuba in world affairs. He publicly repudiated a pro-U.S.A. speech made in Havana by Jose Figueres, the former President of Costa Rica, in which Figueres counselled the Cuban Government to follow a moderate approach to revolutionary reforms and to align itself with the West. Figueres, who until then was supposed to be part of an anti-dictatorship triumvirate, made up also of Castro and Venezuelan President Romulo Betancourt, was disturbed by the extent of Communist influence he found in Cuba and returned home convinced that the Communists have infiltrated not only the Cuban Army and organized labour but also circles close to Castro.

In a Washington interview Castro has denied, as his earlier statements gave it to understand, that Cuba would be neutral in a conflict between the West and the Soviet Union. He has also stated categorically that his brother Raul is not a Communist, and that if there happen to be any Communists in his government, their influence is nil. Many observers are still uncertain, however, that Dr. Castro is aware of the inherent danger in having Communist elements so close to him, even though they many not be campaigning openly.

N.A. R[OBERTSON]

465. DEA/2444-40

L'ambassadeur au Cuba
au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Secretary of State for External Affairs

DESPATCH D-214 Havana, April 30, 1959

CONFIDENTIAL
Reference: Our Despatch D-151 of April 1.†

CUBAN INTERNAL SITUATION TO APRIL 30

A. General

During the last three weekends of April residents of Havana were engaged in celebrating their first carnival in three years. The celebrations, however, appeared to lack spontaneity and at times one would have thought that the Habaneros were celebrating merely because they had been told to do so. Most Cubans have been given cause for concern during the four months of "freedom" since Batista's flight. The rich have been attacked by Castro as "reactionary" and have become increasingly concerned about communist tendencies in the actions of the new government; the middle class have had their incomes slashed through such legislation as the rent law (which cut most rents in Cuba) and decrees enforcing previously disregarded tax laws; and the poor have had to face the spectre of growing unemployment as a reported 700,000 Cubans are now out of work during the height of the sugar season when employment is normally at its highest. Little wonder that the Cuban government's proud announcement that it had issued 250 revolutionary laws in 110 days failed to arouse much enthusiasm. Instead, the carnival parades have been marked by hushed-up stabbings and scattered shooting incidents.

2. The month of April brought little to hearten the increasingly concerned Cuban. The revolutionary trials and executions continued; the press became more servile; communist influence appeared to be growing; and the election date faded into the distance. In the international field, relations with other Central American nations deteriorated and Cuba was accused of fostering the current revolt in Panama, in spite of Fidel Castro's repeated denials. Economically, sugar prices fell, labour troubles multiplied, seizures of property continued, and taxes, which never were as sure as death in Cuba, became almost as sure as the revolutionary executions. Only the apparent success of Castro's visit to the United States and his shortened trip to Canada could be placed on the credit side of the ledger and Cubans clutched this success as if it were the proverbial straw.

B. Political

3. A never-ending flow of prisoners continued to face the revolutionary tribunals during April and a seeming equally unending flow fell before the firing squads. The trial which aroused most interest during April was that of the former President of the National Bank, Joaquin Martinez Saenz, on a charge of attempting to bribe prison authorities to arrange for the death of his son's imprisoned killers. Reportedly the new government could locate no slip which would justify a trial for his official actions while in office (and the Cuban Banks apparently had warned the government that they would not stand for trumped up charges against Martinez Saenz). Saenz was finally cleared of the bribery charges and may now be freed. Meanwhile the reappearance of massive arrests as a means of silencing the growing opposition appeared to indicate that all was not well in the relations between Castro's régime

and its previous supporters. 150 persons were arrested and accused of plotting in Matanzas and two days later 23 ex-soldiers were arrested in the same province. 12 people were arrested on charges of conspiracy in Havana and the same number in Las Villas, all during the last two weeks of April. The first visible open opposition to this type of massive arrest appeared when the delegates to a Rotary Convention in Santa Clara passed a resolution urging the return of habeas corpus legislation as soon as possible. At the month's end the unofficial total of "war criminals" executed since January 1 stood at more than 580. Two death sentences aroused considerable criticism both inside and outside Cuba. The first was the sentence imposed on a peddler of marijuana on the grounds that this crime offered a threat to the social structure of Cuba. The sentence was later cancelled. The other contentious sentence was imposed on a women, a lawyer accused of informing against the Castro revolution.

4. Attacks by the new government on the Cuban educational system aroused opposition from an additional source. All universities in Cuba remain closed, in spite of repeated assurances that at least the University of Havana would open at an early date. The American Rector of Villanueva University, Father John Kelly, who was attacked by the official newspaper, *Revolucion*, as an informer, was quietly recalled to the United States by his religious Order and was replaced by a Cuban, Father Eduardo Boza Masvidal. The new Rector, however, immediately made clear his strong opposition to communist elements in the government. The dispute with the largest of the private schools, Baldor Academy, (reference our D-176 of April 16 and our telegram 73 of April 23)[507] remained unsolved and the Academy is still closed. The Minister of Education reportedly fired 2,500 employees in the last few days of March, including at least 500 public high school teachers. Charges that the youthful Minister of Education, Dr. Armando Hart Davalos, and his wife, are communists became more common and educated Cubans were watching developments in the field of education with apparent anxiety.

5. Castro's Washington comment that dictators first attacked the free press and that the fact that there was a free press in Cuba proved he was no dictator, must have appeared ironic to many members of the Cuban press. Since his assumption of power Castro has made it very clear that he brooks no criticism from the press (see our despatch L-191 of April 21).[508] In February he had launched a verbal attack against the editor of the cartoon magazine *ZigZag*, which had published uncomplimentary cartoons and from that date *ZigZag*'s contents have been innocuous to the extreme. One other cartoonist, Antonio Prohias, who published two cartoons in *El Mundo* implying a criticism of Castro and his government was forced to resign as President of the Cartoonist's Guild (see our despatch under reference). The Professional Institute of Newspapermen, which has been taken over by members of the revolutionary army expelled one newspaperman for 10 years and another for life for unspecified reasons and a well-known television commentator and two other journalists, including the foreign editor of *El Mundo*, were imprisoned on charges of having opposed the revolutionary movement before January 1. In addition, the oldest daily newspaper in the city of Camaguey was closed down by the government, apparently to make room for an officially sponsored newspaper in that city. Castro's claim to a free press in Cuba would appear to be an extremely doubtful one.

6. In our despatch D-131 of March 19† we reported on the renewed activity of the communist party in Cuba. The accomplishments of the party have become more apparent as time passes. The leader of the Cuban section of the Anti-Communist Organization known as Inter-American Confederation for the Defence of the Continent, Ernesto de la Fe, was jailed and attacked by Castro as "the Goebbels of Cuba." De la Fe replied by reminding Castro that he had protected Castro from gunmen of the Batista henchman, Masferrer, in 1948, that he had made no money

[507] Non retrouvé./Not located.
[508] Non retrouvé./Not located.

from his anti-communist work and that he had publicly opposed the Batista régime. Communist leaders in the armed forces and in the labour movement advanced to new positions of power and communist groups in several other Cuban organizations threatened the control of those bodies. The most important example of the latter situation occurred in late April when a small group of left-wing lawyers established a Revolutionary National Union of Lawyers as a challenge to the National College of Lawyers, which had expressed some opposition to Castro's intervention in the trial of the Cuban airmen (see our despatch D-128 of March 18).† The large number of government employees who were fired before the April 1 deadline for removing government personnel no doubt made way for leftist occupants in many of their positions. At least 3,300 government employees were fired on the last day of March alone and removals prior to that time probably tripled this figure.

7. Several of Castro's pronouncements during his North American tour undoubtedly caused some consternation among his wavering supporters. The most important of these announcements concerned the date for the promised national elections. After having extended the pre-election delay to two years (see despatch D-175 of April 15)†. Castro now admitted that the elections would probably not be held within a four year period. Ex-President Ramon Grau San Martin, who had the temerity to suggest that general elections should be called in the near future, found himself in new trouble. Following Grau San Martin's electoral defeat in 1948 charges had been laid against him for malfeasance of some $174 million in public funds. The documents in support of this charge were mysteriously seized by armed bandits and the case was continuously postponed from 1948 until last fall when it was dropped, probably in payment for San Martin's candidacy in the rigged November elections. Immediately after his new call for elections it was announced that this case would be re-opened and that photostats of the lost documents were now available.

C. International

8. The outstanding development in the Cuban international scene during the month of April was the apparent success of Castro's journey to the United States and Montreal. The Cuban press carried detailed reports of the enthusiastic reception which apparently greeted Castro at each stop and even dubious Cubans were forced to admit that Castro was accomplishing what he set out to accomplish — the mending of relations with the United States.

AN UNPREDICTABLE, UNRELIABLE, WANDERING PLOTTER: FIDEL CASTRO

9. The Cuban press found nothing extraordinary in Castro's last minute decision to cut short his visit to Canada, although some Cuban citizens expressed the view that Castro's immaturity and lack of protocol had apparently slighted the Canadian government. The reason given for cutting short his Canadian visit was that he had to return home. He did not come to Cuba. Instead he spent 2 days in Houston, Texas, in conference with his brother, Raul. Rumours have it that Raul tried to convince Fidel to return home because communist members of his cabinet wanted an immediate explanation of Fidel's repudiation of communism while in the United States and in Montreal.[509] The invasion of Panama by Cubans also needed explaining. Fidel spoke to the Cubans while his plane was flying over Havana on the afternoon of April 29, en route to Rio de Janeiro. Apparently he spent that night in Sao Paulo. Whether this is another publicity stunt or whether Fidel Castro was afraid to come back home to address his beloved "people" no one will ever know. It is now obvious that he will not be here for the May 1st parades. This was another reason he is reported to have given for cutting

[509] Voir/See "Castro Rules Out Neutrality; Opposes the Reds," *New York Times*, April 20, 1959, p. 1; "Rousing Welcome Given Cuba's Premier," *Montreal Gazette*, April 27, 1959, p. 1; "Castro Scoffs at Idea Government Communist," ibid., p. 3.

short his stay in Canada, since he wanted to be here for that celebration. Behind this game of hide and seek, there is obviously serious trouble brewing in Cuba and it will be interesting to see what will happen when he eventually gets back to Cuba. His decision to attend the OAS meeting in Buenos Aires was greeted with mixed reactions here, because many Cubans believe Castro has now been away too long during a critical period in Cuba. They are particularly concerned that difficulties could arise on May 1 when communist infiltrated unions stage public demonstrations.

10. Cuba's popularity with other Central American nations continued to ebb during April. The dispute with former President José Figueres of Costa Rica, which started during his visit to Cuba (see our D-154 of April 2)† was continued through the press and radio reports. Suspicions apparently grew in Haiti and Dominican Republic that Castro was fostering invasion attempts and announcements that the Cuban government had halted three such invasion attempts did little to dispel these suspicions. It is an open secret that Fidel Castro has provided Dejoie with not only a comfortable house, but an up-to-date broadcasting set which Dejoie has been using regularly to attack Duvalier and threaten an invasion of Haiti. The participation of Cuban nationals in the landings in Panama over last weekend aroused further ill feelings against Cuba. In spite of Castro's denial of any knowledge about this invasion, the facts appeared to indicate official connivance. When Margot Fonteyn and Roberto Arias, her Panamanian husband, passed through Havana in January of this year, Arias, the ex-Panamanian Ambassador to London, spent all of his time in Cuba with Fidel and Raul Castro. Hence the plan, perhaps not to invade Panama, but to land close to the northern end of the Panama Canal, was undoubtedly known to Castro. Cuban and other observers found it difficult to believe that 400 armed "army deserters" could be collected in any small town in Cuba and loaded on board boats and sail in broad daylight without the government's knowledge. The reported admission by the first three prisoners captured, that they had been despatched with Castro's support, aroused further doubts regarding Castro's motives. His suggestion in a speech in Boston that a United States of Central America might be a worthwhile undertaking may indicate that he expects to be the Simon Bolivar who will reunite Spain's former Central American holdings.

D. Economic

11. The Cuban economy has long been tied to the world price of sugar and the continued fall in this price during the last four months has threatened Cuba's future economic stability. Not only the Cubans are concerned, however, and the International Sugar Council has now sent a senior official to Cuba to study the Cuban sugar industry in an attempt to recommend steps to stabilize sugar prices.

12. Many of the labour troubles which have faced Castro's government since its inception, and which have been postponed until the completion of the sugar harvest, are now growing more pressing. The government recently decreed a 12% raise in the salaries of cane cutters in an attempt to pacify that large segment of the labour force, but was then faced with a protest from the cane planters, who argue that they cannot absorb this wage increase under the present sugar marketing arrangement. The unemployed construction workers, who have not been able to find employment since the first of January, seized the headquarters of the Cuban Confederation of Labour (CTC) on April 5 and threatened to hold the building until Castro settled the paralysis in the construction industry, largely caused by the new rental law. The were persuaded to give up their stand but remain discontented with their lot.

13. One of the large sources of government revenue during the last four months must soon dry up, as the seizures of bank accounts and property of former Batista supporters near completion. On April 17 the Minister for the Recuperation of Misappropriated Funds announced that seizures of bank accounts and safety deposit boxes have netted the government a total of more than eighteen million dollars. Seized property must exceed this figure, but proceeds from such

property may not be available to the new government for some months. In the meantime, in an attempt to meet its obligations the government has taken steps to force payment of income tax by all Cuban citizens. In the past many Cubans neglected to pay even the small income tax required under Cuban law, but a new decree offering them exemption from any unpaid taxes prior to 1955, if returns were filed on the 1955-56, 1956-57, 1957-58 taxation years, brought many citizens into the fold.

E. Diplomatic

14. As the Cuban situation became more stable during April several new Ambassadors presented their credentials to President Urrutia. These included Ambassadors Arnaud B. Merceron of Haiti, Walter Bossi of Switzerland, José Nucete Sardi of Venezuela and Fulgencio Lequerica Velez of Colombia, and the Finnish Minister, Richard Seppala. The previous Haitian Ambassador, Henriot Zephirin, who had resigned his position and fled to Caracas, has now sought political refuge in the Cuban Embassy there.

15. Two incidents in Havana aroused some concern in diplomatic circles during April. The first was the arrest of Carlos Carrillo, the ex-Cuban Ambassador to Canada, on his arrival in Havana (see our despatch D-177 of April 15).† Carrillo has now been released but no doubt faces further difficulties if he remains in Cuba. Despite Cuban guards at all Latin American Embassies a homemade bomb was tossed on to the upstair bedroom terrace of Porfirio Rubirosa's residence on April 10. The explosion around 10 p.m., which was distinctly heard at our official residence about 200 yards away, made a hole two feet in diameter in Rubirosa's bedroom wall. There was three armed guards on duty when this happened and all claimed that "*they had not seen or heard a thing*." In response to a protest from the Permanent Commission of the Diplomatic Corps the Ministry of State undertook to ensure further protection at Embassy residences by increasing the number of armed guards. The Rubirosas have left Havana today for Ciudad Trujillo, as he has been transferred to another post.

HECTOR ALLARD

466. DEA/10224-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Cuba

Secretary of State for External Affairs to Ambassador in Cuba

SECRET. CANADIAN EYES ONLY. Ottawa, September 25, 1959

Dear Mr. Anderson,

The knowledge which you have gained by living in Cuba several years ago and in many other Latin American countries, and your interest in Latin American affairs while in the Department, allow me to dispense with giving you too much detailed instruction in the duties you will soon undertake as Ambassador to Cuba.

We have no outstanding political problems with Cuba. Nevertheless, the inexperienced revolutionary government of Dr. Fidel Castro is undertaking very ambitious new social and economic programmes which have already begun to produce serious reactions at home and abroad, and I shall expect that you will keep us well informed of these programmes and their application, as well as of political events within the country, particularly those which may affect the stability of the régime. As you know, the popular reaction in Cuba to Premier Castro's temporary resignation in July indicated that a large number of the Cuban people still support him and his policies. However, there is no doubt that a small but rich and powerful

minority is already plotting his overthrow, and "coups" against him and his régime may be expected to take place during your term as Ambassador.

In recently ousting former President Urrutia, whom he had himself picked for the job, Castro showed unwillingness to give way to the moderates and right wing elements who backed his revolution, either by slowing down his radical agrarian reform plan or by taking overt action to curtail Communist influence in his government at this stage. He may fear that if he did so, he would then become dependent on the right and therefore unable to carry through the agrarian reform on which he has staked his revolution; moreover, he is obviously strongly opposed to any action which might make him appear to be yielding to foreign pressure. A great danger might be that Premier Castro's obsession with agrarian reform will make him destroy all honest opposition, thus leaving the field open to the Communists.

It may be worth bearing in mind that the revolution which was victorious in Cuba on January 1 of this year is not necessarily a mere change of guard at the top, as is so common in Latin America. There is a chance that it may be a deeply popular revolution of the type which began in Mexico almost fifty years ago and was only brought to a successful conclusion after years of bloodshed and suffering. As the representatives in Cuba of a friendly country, you and the members of your mission will, therefore, display as much patience and understanding as are compatible with your functions and seek ways to reconcile Canadian political and economic interests with a revolution which cannot be stabilized until the deep grievances that produced it have been redressed.

It is possible that Dr. Castro's recent trip to Canada did not appear to him to be an unqualified success and to this extent may not have advanced Cuban-Canadian relations to any appreciable degree. As you are aware, however, this visit was presented to us on a *fait accompli* basis, Dr. Castro having accepted private invitations to Toronto and Montreal. In the circumstances, the Castro semi-official programme here was improvised on very short notice. When he returned home after cutting short his trip in Canada, the hope was expressed by our Prime Minister that he would return again. This was largely for the purpose of assuring public opinion that no significance was to be attached to the truncation of the visit. If you are confronted with any new proposals by Dr. Castro or other Cuban Ministers to make flying trips to Canada, you would be justified in emphasizing the need to find an occasion which would be mutually suitable and the desirability of careful planning in advance to make any such visit one of maximum benefit in Canadian-Cuban relations. You understand from the above that we do not wish you to appear negative, but rather to emphasize the benefits of careful advance planning. Should you be questioned on the matter of a return visit to Cuba by the Canadian Prime Minister or myself, you should be non-committal, pointing out that Dr. Castro's visit here was, of course, largely a private one but undertaking to make informal enquiries of the Department as to the possibilities of a visit. This attitude should, as indicated, only be adopted if the question is raised with you. You should take no initiative on this score.

You will appreciate our desire to be kept informed on the trends of Cuban foreign policy, not only toward Canada directly, but as they may influence Cuban attitudes in the United Nations and in the Organization of American States. Concerning the latter, any new development in the Cuban Government's views about Canada's relationship to the OAS should be reported promptly. The files at your mission contain many details on this sensitive subject and the Departmental source paper on "Canada and the Organization of American States" will be a handy reference at your mission. The most recent public statement of the Canadian Government's policy on its relations with the OAS was made by my predecessor at the first

1959 meeting of the Standing Committee on External Affairs on March 5,[510] when he discussed the main arguments for and against Canada joining the Organization. A copy of the minutes of Mr. Smith's evidence [at] that meeting will be found on file in Havana.

Because of Cuba's proximity to Haiti and the Dominican Republic, you will naturally wish to pay particular attention to the relations of Cuba with these two countries and the other countries of the Caribbean area as well. This region has been in a state of turmoil since Fidel Castro came to power in Cuba, on January 1 of this year. He has publicly threatened the dictatorial régimes of the Dominican Republic, Haiti and Nicaragua. Three countries, Panama, Nicaragua, and the Dominican Republic, have been invaded by well-equipped but ill-trained "democratic crusaders," mostly Cuban soldiers of fortune. In the first two cases, in the face of speedy and determined action by the OAS, and meeting with little local support, the invaders surrendered after a few skirmishes. The third invasion, which took place in the Dominican Republic in mid-June, was put down by Government forces within a few days, but it led to the calling of the Fifth Meeting of Consultation of American Foreign Ministers in Santiago, Chile, from August 12 to August 18, 1959. The most substantial resolution in the final act of that meeting from our point of view was No. IV, which re-activates the Inter-American Peace Committee. If any future international problems arise constituting a danger to peace in the Caribbean region, we will be pleased to receive your comments on the effectiveness of the above Committee as an instrument for dealing with such situations.

Because of the predominance of the United States in the affairs of this hemisphere, U.S.-Cuban relations should be the object of much of your attention. From its inception the Castro Government has displayed extreme sensitivity to criticism from the United States press and members of the government, while Castro has manifested an increasing tendency to blame the U.S. for Cuba's economic and political problems and to insist on a neutralist position in world affairs.

Cuba is an original or Charter member of the United Nations and participates regularly in the activities of the Organization. It may be regarded as one of the five or six more active members from Latin America. It has served on such organs of the United Nations as the Security Council in 1956-57, ECOSOC in 1946-47 and 1952-53-54, the Panel for Inquiry and Conciliation in 1955, the *Ad hoc* Committee on SUNFED in 1955 and the Advisory Committee on Administration and Budgetary questions in all the Specialized Agencies (except IMCO), of the International Atomic Energy Agency, of the FAO Council, of the International Law Commission, of the Statistical Commission, of the Commission on the Status of Women and of the Economic Commission for Latin America.

Cuban policies towards United Nations affairs have been usually in line with those of the majority of the Latin American group, which are characterized, broadly speaking, by support of United States policies on major East-West issues, by relatively moderate anti-colonialism and by a desire, as under-developed countries, to have United Nations assistance expanded beyond the capability or willingness of the developed countries. Not so extreme as some other Latin American countries, Cuba has been, on the other hand, not as responsible or reliable as Brazil, for instance. While Cuba's contribution to the work of the United Nations has not been without its constructive side, Cuban delegates have frequently indulged in hortatory, "do good" resolutions which have reflected the enthusiasm of the delegates, but have not been necessarily

[510] Voir Canada, Chambre des communes, Comité permanent des Affaires extérieures, *Procès-verbaux et témoignages, 1959,* pp. 7 à 21.
See Canada, House of Commons, Standing Committee on External Affairs, *Minutes of Proceedings and Evidence, 1959*, pp. 7-20.

closely related to practical problems or to an implementation at home of resolutions approved by the Assembly (this is of course true of most Latin American countries).

Cuba is also in arrears in its payments to the UNEF Special Account for 1957-58 and 1958-59, for which periods no payments had been made as of the date of this letter. Cuba abstained in the vote last year on the Assembly resolution providing for the continuation of the Force on the basis of a budget of $19 million and for maintaining the regular scale of assessment as the basis for financing the Force. In its recent reply to the Secretary-General's enquiry seeking the views of all member states as to the means for financing UNEF, Cuba again paid lip service to the principle of collective responsibility, but considered that, within this principle, the scale of assessment should be weighed so that the permanent members of the Security Council would pay 80 per cent of the cost, the balance being assessed by the Fifth Committee in accordance with the financial possibilities of members and their interest in the establishment of UNEF.

Following the revolution that brought Fidel Castro to power early in January 1959, it was thought that some considerable change in Cuba's policies in the United Nations might be expected, considering some of the rather extreme features and tendencies of the revolutionary movement. However, no radical change appears to have developed so far, no doubt because of the existing and more pressing economic and political problems at home, and because of the vital need for Cuba to remain on good terms with the United States. At the resumed thirteenth session of the General Assembly in February and March, 1959, the Cuban delegate often expressed during the debates which were confined to the question of the future of the Cameroons, views that probably were the most extreme of those expressed by all Latin American delegates; but this attitude was not reflected in the votes (except on procedural matters), where Cuba joined the other Latin American and Western countries. On the other hand, at the outset of the current Assembly, Cuba abstained on the U.S. moratorium resolution on Chinese representation where before they had voted in favour.

The Department would therefore like to be informed of any developments of significance affecting Cuba's attitude towards the United Nations and its problems, particularly of indications that some radical tendency might develop in the Cuban position. Reports would also be welcomed on official Cuban views regarding United Nations matters generally and an opinions or assessments which may, from time to time, appear in the Cuban press.

At the 1958 Conference on the Law of the Sea, Cuba voted against the Canadian proposal for a 6-mile territorial-sea limit and a further 6-mile exclusive fishing zone, and voted in favour of the United States proposal, which differed from the Canadian in that it provided for the recognition of "traditional" fishing rights in the outer 6-mile fishing zone. You will find, in the Embassy in Havana, a number of reports from the Department on developments on the law of the sea since the 1958 Conference. Canada has now begun preparations for the 1960 Conference of the Law of the Sea, which will attempt to find a solution to the questions of territorial-sea and fishery limits. I think it would be helpful if you could provide us with any indication of the views of the new Cuban Government on these questions and on the type of solution likely to prove capable of obtaining two-thirds majority support at the next Conference.

You will find, as your predecessor did, and as indeed most of our envoys to Latin America have done, that a major part of your time will be given to the promotion of Canadian trade and to cultural matters.

In am sure that your Commercial Secretary in Havana will appreciate your intervention on his behalf at levels which might be less accessible to him. In the first four months of 1959, Canadian imports from Cuba reached $2.2 million, or almost half a million more than for the same period last year. Raw sugar was again the main import, valued at over $1 million; pineapples, rum, confectionery and cigar leaf were among the other major imports for the period. Exports to Cuba for the same period decreased from $5.5 in 1958 to $4.3 million in

1959. The main exports were newsprint, malt, wheat flour, fish, agricultural machinery and steel products.

At the end of July, there was a Cuban request to cancel their purchase of CN(WI)S vessels, which have been strike-bound since before the sale, and of which the Cubans have, therefore, not been able to take delivery. It was agreed by the Canadian authorities concerned that this could not be done since it would involve a heavy loss for the Canadian Government. The Cubans have been informed of this decision, but we added that should there be any specific proposals from the Cuban authorities as to ways by which the Canadian Government could assist in getting these vessels in operation, we would be prepared to give them sympathetic consideration. Copies of all important inter-departmental correspondence on this subject have been referred to your mission and should be available in your files for your information.

The advancement of Canadian interests through the strengthening of friendly relations, the fostering of mutually advantageous economic undertakings, and the influencing of the policies of Cuba on international matters of common concern can be facilitated by your discriminating direction of information activities toward these ends.

I know you are familiar with the various publications which will be at your disposal, and that you are aware that, as in most Latin American countries, films are one of the most effective media for the dissemination of information on Canada. With the return of more settled conditions to Cuba, thought might be given to the development of film distribution in the provinces by means of long-term loans of blocks of films to government agencies or departments.

At the moment the Cuban radio stations are carrying a predominant proportion of local programmes, in contrast with their pre-revolutionary ready acceptance of Canadian programmes. It is hoped that shortly this situation will change.

You will, of course, take advantage of every opportunity to encourage the continuing development of cultural exchanges between Canada and Cuba.

The responsibility for ensuring security at your post will, as you know, be a matter of special concern to you. Since the chancery is located in an office building and does not have security guard protection, the problem of providing adequate security to sensitive offices and material is particularly difficult. Shared premises are, of course, especially vulnerable to penetration with the aid of intrusion devices. Although there is no evidence of such devices having been used against us at Havana, the possibility of their being so used cannot be discounted. Another and more potent threat to the security of your mission is that represented by members of the local staff seeing classified material, overhearing sensitive conversations, or having unsupervised access to sensitive offices. It is essential that all members of your Canadian staff be thoroughly familiar with, and strictly observe, the Departmental and Post Security Regulations.

An administrative letter which will provide you with particulars concerning your salary and allowances, leave position, superannuation, etc., has been prepared and will be forwarded to you at an early date.

I wish, in closing, to reiterate my congratulations upon your appointment as Ambassador to Cuba and to assure you that you will be welcome to seek further guidance where necessary.

Yours very truly,

H.C. GREEN

SECTION B

VENTES DES ÉQUIPEMENTS MILITAIRES
SALE OF MILITARY EQUIPMENT

467. PCO

Note du secrétaire d'État aux Affaires extérieures pour le Cabinet

Memorandum from Secretary of State for External Affairs to Cabinet

DOCUMENT NO. 374-59 [Ottawa], November 25, 1959

SECRET

EXPORT OF MILITARY EQUIPMENT TO THE CARIBBEAN AREA

On July 30 Cabinet agreed that in view of the unstable political situation in the Caribbean permits to export significant amounts of military equipment to the Caribbean area, excepting Colombia, be refused. This policy was basically similar to that in force in the United States[511] and the United Kingdom at that time.

2. Subsequently, on September 8, mindful of Cabinet's decision and of the fact that the Batista régime had armed several civilian Beaver aircraft for operations against the Castro rebels and of the possible use to which aircraft of this type could be put to support rebel operations in the Dominican Republic, I refused an application for the export of three Beaver aircraft to Cuba.

3. On October 16 the United States Government revised its policy to permit exports of normal types of military equipment in reasonable amounts to Panama, Colombia, Mexico, Haiti and Venezuela. In the case of Cuba and the Dominican Republic, however, shipments of combat equipment, military weapons and munitions, spare parts for such equipment, combat aircraft, military trainer aircraft, and armed patrol vessels will continue to be withheld except for reasonable amounts of necessary spare parts for military aircraft now in possession of the Dominican and Cuban airforces. On October 20 the United Kingdom Government took note of the United States decision but decided to retain its present policy for another few weeks. To date the United Kingdom policy has not been altered. This decision has been influenced by a number of factors including (a) the continued political instability in the area and (b) the pressure being put on the United Kingdom by the United States to refuse the export of Hunter fighters and patrol vessels.

4. We now have a number of applications before us for the export of arms to the Caribbean area, including an application for one Beaver aircraft, fitted with amphibian float gear and long-range tanks, for Cuba. This aircraft had been ordered from the Havilland Aircraft by an American firm for re-export to Cuba and the American firm will be able to obtain an American export permit for the aircraft. Should the application be refused by us, we have indications from the United States export control authorities that the American firm will in all probability be able to obtain a second-hand Beaver in the United States to fill the order. In such an event the United States authorities would apparently be willing to withhold an export permit unless

[511] Voir/See Washington telegrams 492, March 2,† DEA 11044-DJ-40, and 824, April 6,† DEA 11044-BU-40.

we indicated we had no objections. For their own part, however, they would not be opposed to such an export.

5. The fact that the United States Government is prepared to allow the export of an aircraft of this type to Cuba even though the Cuban Government has been indulging in a violent anti-American propaganda campaign, makes it difficult for us to refuse the application. The Canadian firm, of course, is most anxious to sell the aircraft and our refusal to grant an export permit knowing that a basically similar aircraft could be exported from the United States is another factor making refusal difficult. On the other hand, the Beaver aircraft in question being fitted with floats and with wing tanks capable of extending its range, could be used in offensive action against the Dominican Republic such as in landing agents in the country, or could be used by Castro against insurgents in Cuba should open revolt break out.

6. Although in approving the export of the aircraft we may lay ourselves open to domestic political criticisms should the aircraft in fact be used in Cuba for other than peaceful purposes, I believe that on balance we should approve its exports. However, in making this recommendation with respect to this one aircraft I believe that the over-all policy with regard to the Caribbean area should not be changed until there is evidence of a lessening of tension in the area.[512]

[H.C. GREEN]

468. DEA/11044-AK-40

L'ambassadeur au Cuba
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Under-Secretary of State for External Affairs

LETTER NO. L-5 Havana, January 5, 1960

SECRET

Reference: Your telegram ET-1637 of December 30, 1959.†

EXPORT OF BEAVER AIRCRAFT TO CUBA

The Cabinet decision not to authorize the export of a Beaver aircraft has been communicated to the Director of the Agrarian Institute by letter today.

2. Today just after our letter had been sent, we had a call from Captain Eduardo Ferrer, Inspector General of the Airforce, accompanied by a salesman who was obviously interested in this particular sale. Ferrer, who is a pilot of long experience, gives the impression of being sincere. He explained to us in considerable detail just what the Cubans want to do with this Beaver, including transporting men and materials to the very extensive reclamation works which are now going on in the great Zapata swamp on the south coast. Castro visits this project quite frequently and we were told that of the 7 Beavers now owned by the Cubans, 4 are out of commission altogether, and the others are not in first-class flying condition. Castro, therefore, has been making these trips and even longer ones in a helicopter and Captain Ferrer is obviously concerned about the possible danger to his Prime Minister in making long trips in this way.

[512] Le Cabinet étudia ce mémoire le 1er décembre. La licence d'exportation fut refusée.
This memo was considered by Cabinet on December 1. The export permit was refused.

3. My Commercial Secretary and I took the line with them that the Canadian Government policy in declining to sell any aircraft in the Caribbean area was a blanket policy. That it had been decided on because of the troubled conditions of the last year or two and that it was not aimed directly at Cuba or at Cuba's Prime Minister. Ferrer found it pretty difficult to understand this; he is clearly obsessed with the duties and responsibilities of his job and cannot quite see why he is unable to get a Beaver. In the course of the conversation he remarked that it was quite impossible to arm a Beaver, that he doubted whether it would even carry a gun.

4. Although we were careful to give no encouragement at all, I think that you have not yet heard the last of this request. Cuba's new Ambassador, Luis Baralt, is leaving tomorrow to take up his post and will be in Ottawa next week. He learned of the Beaver affair only this morning and immediately expressed willingness to see whether he could accomplish anything by personal representations in Ottawa. I rather think that Ferrer will try to make sure that Baralt has all the details of their case and that Baralt will sooner or later make an approach on his own in Ottawa.

5. I might interject for your information that I have become quite well acquainted with Baralt. He is an intelligent and well-educated Cuban of the quiet type and speaks good English, having spent a total of about four years in the United States. I think that any approach he may make will be a reasoned and not a belligerent approach.

6. Another sidelight on this affair is that we learned in a conversation with another official a day or so ago, that Dr. Castro, with his heart set on this Beaver aircraft, had been talking in terms of making a personal long-distance telephone call either to the Prime Minister in Ottawa or to the Secretary of State for External Affairs. This may have been no more than an emotional outburst, but just in case Castro might in fact try to put a call through, we suggest that it might be worthwhile to see that the staffs of the Prime Minister's office and the Minister's office are briefed and prepared to deal with it.

7. We shall take no further action here unless we are again approached by the Cubans. In that case, we shall of course immediately report to you again.

ALLAN ANDERSON

469. DEA/11044-AK-40

L'ambassadeur au Cuba
au sous-secrétaire d'État aux Affaires extérieures

Ambassador in Cuba
to Under-Secretary of State for External Affairs

LETTER NO. L-11 Havana, January 6, 1960

SECRET

Reference: Our L-5 of January 5, 1960.

EXPORT OF BEAVER AIRCRAFT TO CUBA

Since the letter under reference was written, my Commercial Secretary has followed up with his U.S. colleagues a remark made by one of the Cuban officials to us to the effect that Cuba has been buying Cessnas and helicopters for non-military purposes during recent months from the United States and is still doing so. The U.S. official confirmed that this is true.

2. I must admit that this puzzles me and I should be most grateful for a clearer explanation of our own Canadian policy. I had understood, evidently in error, that our rigid refusal to sell any

aircraft in the Caribbean area was in line with similar U.S., and U.K. policies. It appears, however, that the U.S. is making a distinction between planes for military purposes and planes for "other than military use" and is selling and delivering planes of the latter type to Cuba.

3. Under these circumstances I now understand more clearly the bewilderment of the Cubans over our refusal to sell one Beaver aircraft for non-military purposes. I am attaching a copy of the memorandum which the Commercial Secretary wrote yesterday to his own Department in Ottawa. Is it possible that this U.S. policy was not known to the Cabinet when the decision regarding the sale of the Beaver was made? In the event that it was not, and in the light of the continuing interest expressed by Cuban authorities, you may wish to consider whether you should recommend reconsideration of their decision. Continued refusal to consider this application could result in public criticism in Cuba, which would be unfortunate in view of Canada's present good relations with the new government.

ALLAN ANDERSON

[PIÈCE JOINTE/ENCLOSURE]

Le secrétaire commercial au Cuba
au chef de la Direction de l'Amérique latine,
ministère du Commerce

Commercial Secretary in Cuba
to Head, Latin American Division,
Department of Trade and Commerce

CONFIDENTIAL [Havana], January 5, 1960

BEAVER AIRCRAFT FOR CUBA

For several months the National Agrarian Reform Institute (INRA) has been attempting to obtain a Canadian export permit for one Beaver aircraft. This aircraft has already been manufactured by de Havilland Aircraft of Canada Limited to Cuba's specifications. The sales agent in this transaction is Air Carrier Service Corporation, 1744 G Street N.W., Washington, D.C.

2. This Embassy has received requests for assistance in this matter from the local agent of Air Carrier Service Corp., from the Director of INRA and, just this morning, from the Inspector General of the Cuban Air Force. So far, all enquiries sent to the Department of External Affairs have met with the reply that the export permit could not be granted in view of Canada's present policy of not allowing any shipments of aircraft or military equipment to the Caribbean area.

3. The Ambassador is writing a separate letter on this subject to the Department of External Affairs today. I think the Department of Trade and Commerce should support this request for an export permit. There are two good reasons for this. One is that the National Agrarian Reform Institute (INRA) has become the most important government body of Cuba, with wide powers over Cuban agriculture and industry, and is in a position to direct a major part of the imports of Cuba. Canadian export trade would benefit from any goodwill we can build up among the INRA officials.

4. The second reason for supporting this request is that, according to the Air Attaché at the U.S. Embassy, INRA in recent months has been importing from the United States Cessna aircraft and light helicopters for crop dusting, fumigation and executive transportation. The amphibious Beaver required from Canada, according to the Cubans, is to be used for transportation of Prime Minister Castro and other high officials, and to move personnel and supplies to the sites of several government development projects in the Cienaga de Zapata

swamps and Cayo Largo, south of Cuba. We have no reason to doubt these statements. If the U.S. sells Cuba small planes for peaceful purposes, Canada should feel free to do likewise. We are told the U.S. export permits are endorsed "other than for military uses."

5. The goodwill to be gained from this sale is such that it might even be a good investment for Canada to donate the aircraft as a gesture of friendship. As it is, the Cubans offer to pay by letter of credit. We understand that Cuba had seven Beavers at the start of this year, but four have already crashed due to the inexperience of pilots, and none of the remaining three is airworthy. There is apprehension here lest the Prime Minister lose his life while flying in one of these old Canadian Beavers. We could look on the new Beaver as a replacement for one of the old ones, rather than as an addition to Cuba's air power! Dr. Castro himself has taken a strong personal interest in obtaining this plane.

6. I am giving a copy of this letter to the Ambassador, at his request.

R.R. PARLOUR

470. DEA/11044-AK-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs

SECRET [Ottawa], January 12, 1960

EXPORT OF BEAVER AIRCRAFT TO CUBA

In my memorandum of December 24† I brought to your attention a telegram from our Ambassador in Cuba informing us that the Cuban authorities had written to the Embassy asking Canada to permit the sale of a Beaver aircraft to Cuba for the use of the Agrarian Institute and for the personal use of Prime Minister Castro. You concurred in our suggestion that in view of the recent Cabinet decision and since the circumstances have not changed, we should confirm to our Embassy that the sale is not authorized.

I attach copies of letters Nos. 5 and 11 of January 5 and 6 from our Ambassador in Havana in which he reports renewed efforts on the part of the Cuban Government to obtain an export permit. I draw your attention particularly to his statement (in paragraph 3 of letter No. L-11) that continued refusal to consider this application could result in public criticism in Cuba, which would be unfortunate in view of Canada's present good relations. It appears that the new Cuban Ambassador to Canada, Luis Baralt, may call on you soon to discuss this question. There is also a possibility that Dr. Castro might call either you or the Prime Minister by telephone, although our Ambassador suggests that this comment on the part of Dr. Castro may have been no more than an emotional outburst.

The Ambassador, after learning from his United States colleagues that Cuba had obtained Cessnas and other civilian aircraft from the United States, asked whether Cabinet was aware of the softening of United States policy (on October 16) when considering the Cuban applications. United States policy was clearly defined in your Memorandum to Cabinet, and no new element is contained in the attached letters which would warrant a reversal of policy. Our Embassy in Washington has informed us that in the view of United States officials the United States was hasty in relaxing its policy with regard to the export of arms to the Caribbean area, and that if reviewed again, policy would probably become more restrictive.

The Inspector-General of the Cuban Air Force was inaccurate in telling our Ambassador that the Beaver cannot be armed; Batista did in fact arm three Beavers and used them against

Castro. The Inspector-General's allusion to four Beavers which are totally out of commission probably includes these three, since they were all shot down.

If you concur, we will inform our Ambassador that Cabinet was aware of United States policy when it decided not to allow the export of one Beaver aircraft to Cuba, and that there is no new development which would warrant a re-submission of this question to Cabinet. You may also wish to show this Memorandum to the Prime Minister in the off-chance that Dr. Castro should decide to telephone him.[513]

N.A. R[OBERTSON]

471. DEA/11044-AK-40

Note de l'adjoint spécial du secrétaire d'État aux Affaires extérieures pour la 1ere Direction économique

Memorandum from Special Assistant to Secretary of State for External Affairs to Economic (1) Division

SECRET [Ottawa], January 15, 1960

EXPORT OF BEAVER AIRCRAFT TO CUBA

On the Minister's instructions, I showed to the Prime Minister the memorandum of January 12 on this subject. The Prime Minister decided to take the matter up with his colleagues, and after the Cabinet meeting today he told me that the decision had been taken to permit the sale of this aircraft to Cuba.

H.B. ROBINSON

3E PARTIE/PART 3

RÉPUBLIQUE DOMINICAINE
DOMINICAN REPUBLIC

472. DEA/11044-BU-40

L'ambassadeur au Cuba au secrétaire d'État aux Affaires extérieures

Ambassador in Cuba to Secretary of State for External Affairs

TELEGRAM 22 Havana, January 30, 1959

CONFIDENTIAL. PRIORITY.

Reference: Tels 9† and 11† Jan 27 from Trujillo.

Repeat Trujillo.

I fully appreciate delicate and very embarrassing position in which Chargé d'Affaires and Canada have been placed in Trujillo by recent decision of Canadian Government made known

[513] Notes marginales :/Marginal notes:
Please advise P.M. [Auteur inconnu/author unknown]
Done Jan. 15. H.B. R[obinson]

in House[514] to refuse export permit for 12 Vampire jets to Dominican Republic. The impact of this decision added to our lack of purchase of sugar is bound to have serious and perhaps lasting effects on future relations between Canada and Dominican Republic.

2. It is unfortunate that this application coincides with threats being made by new Cuban Revolutionary Government against dictator-led Latin American countries with special reference to Trujillo himself. In the circumstances the Canadian Government had very little choice indeed in their decision and it is impossible to disagree with them. If Batista and his entourage had not sought refuge in Dominican Republic I suppose it might have been possible to leave door ajar a bit suggesting this matter could be reconsidered six months hence by which time Castro and his government should have become so engrossed — if they persist in their attempt to reform form of government in Cuba and his popularity throughout Latin America dimmed (see my telegram 23)[515] — that export of perhaps a few planes could not be considered as a provocation by Cuban Revolutionary Government and would definitely have been a palliative for Trujillo.

3. As far as Canadian interests are concerned in Cuba particularly Havana I presume it is fully realized in Ottawa that situation created here by UK sale of aircraft and munitions to Batista[516] is still seriously affecting all Canadian companies operation here. When John Scali's news item from Washington was reproduced locally we were besieged by phone calls by Canadian firms in Cuba asking us to stop deal at all costs as if it went through a number of Canadian firms might well have to close down. Perhaps I should point out one third of all foreign branches of Royal Bank of Canada are located in Cuba. While claim of Canadian companies was I believe somewhat of an exaggeration there was obviously general rejoicing when text of Mr. Churchill's statement was reproduced here.

[H.] ALLARD

473. DEA/5532-40

Le chargé d'affaires en République dominicaine
au secrétaire d'État aux Affaires extérieures

Chargé d'Affaires in Dominican Republic
to Secretary of State for External Affairs

DESPATCH NO. 59 Ciudad Trujillo, April 16, 1959

CONFIDENTIAL

CANADA-DOMINICAN RELATIONS

Before my departure for a few months' stay in Canada, I thought of putting in writing some observations on our relations with the Dominican Republic.

2. Generally speaking, it can be said that the Dominican Government has traditionally maintained with Canada a sincere friendship. You will recall that in 1941 Generalissimo Trujillo insisted that the Pan-American Union invite Canada to the third meeting of foreign ministers in Rio to discuss continental security. The Dominicans are also proud to have supplied

[514] Voir Canada, Chambre des communes, *Débats*, 1959, Vol. I, p. 308.
See Canada, House of Commons, *Debates*, 1959, Vol. I, p. 294.
[515] Non retrouvé/Not located.
[516] Voir/See *Documents on International Affairs, 1959* (London: Royal Institute of International Affairs/Oxford University Press, 1963), pp. 389-91.

sugar to Canada during the war. Until 1954 we had imported from the Dominican Republic almost half of our extra Commonwealth sugar requirements from this country; however following the nationalization of the Ozama Sugar Company, previously held by Canadian major interests, our imports of this commodity have been negligible.

3. The establishment of a Canadian Embassy in Ciudad Trujillo in 1954 following a visit here be the then Canadian Minister of Trade and Commerce generated a great deal of good will for our country. The visit of the HMCS *Quebec* in 1955 during the Peace Fair had also a great impact; however, the unfavourable trade balance of the Dominican Republic with Canada since 1954 amounting yearly to about $4 million became, in the last year especially, troublesome. Coupled with that, we turned down a Dominican suggestion to establish a standing committee to promote trade relations with Canada, and this has no doubt hurt their pride.

4. The overthrowing of General Batista by Dr. Castro's guerillas had direct repercussion on our traditional friendship, The Generalissimo, being threatened by an invasion, turned to Canada to purchase some twelve old Vampire jets. The export permit was refused. The publicity abroad given this refusal incensed the Generalissimo. It is easy to understand this reaction since the Canadian Government's refusal was considered to be disapproval of the Trujillo régime and as an encouragement to the Dominican revolutionaries abroad. The displeasure of the Dominican authorities was felt by the personnel of this Embassy: exonerations were delayed and the coolness of some high officials was noted; however I must say that this did not reach the lower echelon of the government and the press did not hint anything on the blow suffered in our friendship.

5. It must be pointed out however that government inspired editorials have emphasized the importance of "buying from those who buy from us" and a list of countries showing the unfavourable trade balance was published, with Canada leading. In my personal dealings with high Dominican officials the conversations show their concern over our not buying more Dominican sugar and show the importance of balancing our trade.

6. I am inclined to think that following a suggestion of a recent editorial to the importers to take note of the countries having an unfavourable trade balance when placing their orders, might put the Canadian exporter in a difficult situation in the future. Indeed, in a small tightly ruled country [such] as this, we can expect that importers will govern themselves accordingly. In the international agencies Canadian candidates and proposals might not obtain the Dominican vote as in the past and for a while the Generalissimo will not, for sure, offer any decorations to Canadians.

W.B. McCULLOUGH

CHAPITRE XI/CHAPTER XI

ÉNERGIE ATOMIQUE
ATOMIC ENERGY

474. DEA/14002-2-6-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

SECRET [Ottawa], May 11, 1959

SAFEGUARDS ON NUCLEAR EXPORTS

It has been the policy of the Canadian Government to sell uranium abroad only to the United States, to the United Kingdom, and to countries with which we have concluded bilateral agreements providing for safeguards against the diversion of nuclear materials to military uses. This policy, which has been developed in the closest consultation with the Governments of the U.K. and U.S.A. and is, of course, also followed by them, has been designed primarily to prevent the indiscriminate spread — or indeed any growth — of nuclear weapons' capacity.

2. However as the development of atomic energy and the discovery of uranium progress, more and more countries must agree to apply the safeguards system if it is to be effective. Our aim therefore has been to establish a universal system through the International Atomic Energy Agency. The Agency has been working on this question, and it is now to be discussed at the June meetings of its Board of Governors.

3. In the meantime, we have been trying, along with the U.K. and U.S.A. authorities, to evolve a common position on safeguards and to bind other principal producing countries to it. Our aim has been to ensure that no such country sells nuclear materials without provision for safeguards and that we all take a common position when the matter is discussed in the IAEA. To this end, we have met privately with U.S.A., U.K., South African and Australian officials intermittently since the fall of 1957, and somewhat more formal meetings of these five countries were held in Ottawa in November 1958[516] and in London last February-March. These meetings reached certain basic conclusions. Although governments are not committed, it is now necessary to inform the other participants whether these conclusions are acceptable to the Canadian Government. This is necessary if we are to persuade the other principal suppliers of nuclear materials, particularly France, Belgium, Portugal and Germany, to agree to the same safeguards. A meeting of officials of the original five countries, mentioned above, plus the other main Western European suppliers is now tentatively arranged for May 27 in London.[517] (France and Belgium have both been rather elusive on this question. We have just learned that Belgium is selling about 2 ½ tons of uranium to India and a similar amount to Japan without safeguards.)

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[516] Voir/See Volume 24, Document 567.

[517] La réunion a eu lieu du 27 au 29 mai./The meeting was held from May 27 to 29.

4. It is therefore urgent to get all these countries to agree quickly or safeguards will be gravely prejudiced.

5. The following are the main conclusions reached in the five-power discussions:

(1) unless all significant Western suppliers maintain a common front in securing application of safeguards to their exports, each of the five would have to reserve the right to reconsider the safeguards to be applied to its own exports. It would also be necessary to take into account whether the Soviet Bloc becomes a significant exporter of nuclear goods to Western markets and whether there are any safeguards on Soviet exports;

(2) wherever possible, if agreed to by the recipient country, the administration of safeguards should be undertaken by an international authority. The International Atomic Energy Agency, Euratom and the OEEC Nuclear Energy Agency (ENEA) are all recognized as appropriate international organizations capable of administering adequate safeguards. (This takes much of the "sting" out of safeguards on exports to all of Western Europe since European organizations do their own safeguarding.)

(3) there can be no attempt to have a completely foolproof system, and the severity of application of controls against the possibility of diversion to military purposes must be realistically adapted to the size and nature of the assistance supplied or of the facility to be controlled;

(4) the items to be controlled are primarily natural uranium, fissionable material in all its forms, reactors, and isotopic enrichment plants. These are regarded as "trigger" items, export of which should require safeguards provisions. Minimum quantities for experimental purposes must for practical purposes be exempted from such controls.

6. These proposals would not involve a change in Canada's present policy.

7. We must recognize that willingness to relax safeguards on the part of our competitors in the world uranium market would force Canada also to reconsider this policy. I need not emphasize that the question of selling Canadian uranium is particularly urgent, because of the real doubt as to the amount of further sales to the United States after the expiry of the contracts with the United States Atomic Energy Commission. We are, of course, pushing ahead with the negotiation of bilateral agreements covering further major likely markets for our uranium; the Japanese agreement,[518] recently under negotiation here, is perhaps the most important. The two delegations have agreed on the text which has now been referred to Japan for approval. These agreements permit exports under appropriate controls and are flexible enough to be adjusted to the competitive situation. Agreements have been concluded already with Switzerland and Germany, and negotiations are well advanced with Pakistan[519] and with the Euratom Commission[520] covering all members of Euratom (Belgium, Netherlands, Luxembourg, France, Federal Germany, Italy).

8. My recommendation (made with the concurrence of other Government Departments and Agencies concerned) is that for the time being we should inform the other participants of the meeting of five countries that Canada concurs in the summary conclusions reached in London, and that we should push very hard to have these safeguards generally accepted. If it becomes clear that important suppliers of nuclear material will not abide by these safeguards, we shall be free under the terms of the conclusions reached in London to consider whether it would be

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[518] Voir *Recueil des traités du Canada*, 1960, n° 15./See *Canada Treaty Series*, 1960, No. 15.
[519] Voir *Recueil des traités du Canada*, 1960, n° 14./See *Canada Treaty Series*, 1960, No. 14.
[520] Voir *Recueil des traités du Canada*, 1959, n° 22./See *Canada Treaty Series*, 1959, No. 22.

possible for example to withdraw natural uranium from the list of "trigger" items while maintaining the controls on the more directly dangerous items such as fissionable material, reactors and separation plants.

9. I would also suggest that our representatives in a number of key countries might be instructed to make it clear to the governments to which they are accredited, at a regular senior level, that Canada is very concerned to have effective international safeguards. The occasion for such approaches could be the need to prepare for the June meetings of the I.A.E.A.

10. The attitude of the USSR on this whole matter is also of great importance, and there is some evidence that they share our concern to prevent the spread of nuclear weapons. It might be useful if I were to speak to the Soviet Ambassador.[521] The Soviet authorities have not opposed safeguards, but have also not given any open support to them, no doubt in order not to offend under-developed countries such as India which are suspicious of safeguards. India is of course one of the countries we might approach[522] in a further attempt to make clear our attitude that safeguards are not controls imposed by "advanced" countries on "under-developed" countries, but are a form a mutual insurance against the further spread of the menace of nuclear weapons.[523]

N.A. R[OBERTSON]

475. DEA/14001-2-6-40

Le représentant auprès de l'Agence internationale de l'Énergie atomique au secrétaire d'État aux Affaires extérieures

Representative to International Atomic Energy Agency to Secretary of State for External Affairs

TELEGRAM 556 Geneva, June 29, 1959

CONFIDENTIAL

Reference: Vienna Tel 87 Jun 12.†
Repeat Washington, London, Permis New York (Information).
By Bag Vienna from London.

IAEA SAFEGUARDS

The Board concluded its debate on safeguards for the June series of meetings on June 27, but since Barton will be engaged in discussion of other items until the middle of this week and will be unable to prepare a full report before July 3, I thought I should send from Geneva the following brief account of what transpired.

2. Consideration of the Secretariat's safeguards paper (GOV/334) opened with a lengthy general debate at which the traditional attitudes of the various governors were expressed. Board

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[521] Ce qui fut fait le 27 mai. Voir le télégramme d'Ottawa à Londres ET-719, 28 mai† MAE 14001-2-6.
This was done on May 27. See Ottawa to London telegram ET-719, May 28,† DEA 14001-2-6.

[522] Robertson rencontra le haut-commissaire de l'Inde le 3 juin. Voir le télégramme d'Ottawa à Londres ET-774, 10 juin,† MAE 14001-2-6.
Robertson met with the Indian High Commissioner on June 3. See Ottawa to London telegram ET-774, June 10,† DEA 14001-2-6.

[523] Note marginale :/Marginal note:
Prime Minister has approved recommendations. M.A. C[rowe]

then examined in detail the principles expounded in Annex I to the document. At the outset Matsui (Japan) and I expressed the hope that it might be possible for the Board at this series of meetings at least to reach agreement in principle on the principles in Annex I, if not agreement on an actual text, but it was evident from the outset that the rest of our friends, including USA and UK, were prepared to proceed at a more leisurely pace. The procedure followed therefore was that as we discussed each principle the Chairman summed up the consensus of opinion to assist the Secretariat in preparing a redraft for submission to the Board at the September meetings. In this way we covered the substance of the first 15 paragraphs of Annex I.

3. When we came to paragraph 16 Foster (USA) read out a lengthy prepared statement relating to the concepts involved in paragraphs 16-20, involving proposals for an approach quite different from that followed by the Secretariat. He said that these would subsequently be submitted in writing and in view of their nature he recognized that their consideration by the Board would have to be deferred until the September meeting. The practical effect of the procedure followed by the USA delegate is that the adoption of a definitive set of principles by the Board will not repeat not feasible before the October sessions of the Board.

4. The debate was very revealing in that it made evident the differences of opinion among the delegations purporting to favour safeguards as to just what a safeguards system should provide for. It is clear, even at this stage, that the principles are going to be couched in such general terms that they will be capable of widely differing interpretations when the time comes to apply them to the specific regulations in Annex II. The USA delegate, as the leader of the pro-safeguards group, is going to have a very difficult time to persuade a substantial majority of the Board to accept safeguards standards at anything like the level USA considers acceptable.

5. Rajan (India) served very ably as the principal spokesman of the anti-safeguards group, and made the most of the differences between the Western delegates. Zamyatin (USSR) confined himself to a general statement that he thought it was premature to develop detailed safeguards at this time and did not repeat not participate in the discussion of the various principles.

6. At the conclusion of the debate I spoke again to stress the importance we attached to trying to come to a firm decision on general principles at the September meetings. I have also in private conversations urged the USA delegation to consult with Barton and UK at once on tactics with a view to setting up a meeting early in September of the countries who attended the second London meeting. Barton will report later on the results of this consultation.

[M.H.] WERSHOF

476. PCO

Note du directeur, Contributions et programmes internationaux, ministère des Finances

Memorandum by Director, International Programmes and Contributions, Department of Finance

[Ottawa], August 28, 1959

Last June I attended a meeting of the Board of Governors of the International Atomic Energy Agency. On return I recorded certain impressions which may be relevant to the determination of future Canadian policy in this Agency. It is possible that my impressions, gained during a single week of meetings of the Board (after a long absence), were unduly influenced by the unfavourable contrast between the current achievements of the Agency and earlier

Canadian hopes that the Agency would make rapid and significant progress toward the objectives which inspired our enthusiastic initial support.

It is possible also that our original assessment of the probable utility of the Agency must now be revised in the light of more realistic current estimates of the prospects for growth in the use of nuclear power.

The following observations focus attention on some discouraging developments in the Board. Later I advance some ideas intended to contribute to the achievement of our original objectives. I did not have an opportunity to discuss these views in detail with Messrs. Wershof and Barton but I believe that they share some if not all my misgivings and that they would favour a full evaluation of our current position.

My observations are summarized under the following headings: (a) Administration, Procedures and U.S. Role in the Agency; (b) Deficiencies in Leadership and Representation; (c) U.S.S.R. Position; (d) French Position; and (e) Discussion of Safeguards.

(a) *Administration, Procedures and U.S. Role in the Agency*

The original concept in establishing the Board of Governors was that a small and competent group of representatives of countries most interested in the peaceful uses of atomic energy would be able to reach agreement readily on policies and procedures and synthesize issues for submission to the larger conference. Secondly, it was considered that a strong and able Secretariat under the leadership of a competent Director General would be able to facilitate dynamic action based on businesslike policies and procedures. In fact, with notable exceptions mentioned below, most representatives on the Board have not demonstrated a particular aptitude for examination of the complex technical, administrative and financial questions which the Board is called upon to consider. As a result, discussion is often diffuse and without direction, providing an unusual opportunity for delegations like the USSR to introduce extraneous issues either to obstruct (or perhaps merely to delay) settlement of the more important technical questions on which decisions are essential. Unfortunately, the U.S. has not been able to provide consistent leadership because of continuing and apparently deep-rooted differences of approach (particularly on safeguards) between the State Department and the Atomic Energy Commission which are not easily reconciled. Furthermore, the U.S. has provided (latterly at least) a representative who, despite his long years of dedicated service in the American naval service, displayed no particular aptitude to provide leadership or discharge the exacting and challenging responsibilities of the main member of the Board. Perhaps this is an unfair conclusion but during my limited stay he took few effective initiatives in presenting Western views in the debates in the Board.

Similarly, the choice of Mr. Cole, U.S.A. to be Director General, on the grounds that American administrative leadership was necessary in an institution inaugurated by the United States and supported extensively by them seems to have created difficulties. The view is commonly held by Governors with whom I spoke (particularly France, United Kingdom and South Africa) that Mr. Cole is a weak administrator and that, as a result, he is incapable of giving cohesion and direction to the efforts of the Secretariat. His administrative deficiencies have clearly undermined his authority with the result that the Deputy Director General from the U.S.S.R. (and possibly others) have been able to pursue an independent course. To overcome these difficulties, elaborate and confusing administrative devices have been developed enabling subordinate officials to circumvent the authority of the Deputy Director General and report direct to Cole. This violates one of the principal tenets of good administration and introduces a serious note of confusion in certain areas of administration.

(b) *Deficiencies in Leadership and Representation*

Board Chairman. The designation of Winkler (Czechoslovakia) to be the first Chairman of the Board represented a quid pro quo to the U.S.S.R. in return for acceptance of Cole (U.S.A.) as Director General. Winkler, though a highly capable Chairman, did not hesitate to use his powers (albeit subtly) to advance Eastern European objectives. Bernardez of Brazil who followed is a pleasant, tactful and well-meaning individual but an ineffective Chairman, allowing discussion to become disorderly and confused leading to inconclusive and often ambiguous decisions.

Representatives. As indicated above, the United States member of the Board is not a dynamic individual. The United Kingdom representative, though very competent, has not always been in a position to provide leadership because of the desire of his Government to limit expenditures. The French representative, for special reasons noted below, is unpredictable and often difficult. Most of the under-developed countries seem to be represented on the Board by local diplomatic representatives who either seemed uninstructed or incapable of understanding the issues under consideration. This leaves a relatively small number of delegations including Canada, South Africa, Japan and the Netherlands in the difficult position of attempting to give direction to the discussions.

(c) *U.S.S.R. Position*

From the outset, the U.S.S.R. has paid lip service to the purposes of the Agency, yet the record demonstrates clearly that Russian performance has been at variance with declared objectives. This seeming Russian "perfidy" has been noted by many observers and various views have been advanced as to basic Russian motivation. In my opinion, the U.S.S.R. position in this Agency is consistent with normal Communist attitudes and tactics.

I would presume that the U.S.S.R. recognized the potential benefits, both tangible and political, that might result if the original U.S.A. initiative leading to establishment of the Agency should be successful. It can be assumed that the U.S.S.R. wished to be in a position to participate in any benefits that might accrue to members of the Agency while at the same time to capitalize on any internal dissension that might arise or perhaps even to be in a position to exert influence to prevent the experiment from being too successful. The following illustrations would seem to confirm this assumption: (a) ostensible U.S.S.R. support for a dynamic programme at the same time as their representative on the Board was offering the most vigorous resistance to the provision of adequate resources to carry out such a programme; (b) the professsed support for the principle of safeguards while raising strong objections to the rights of inspection essential to an effective system of safeguards; and (c) the most vigorous oral support for the claims of under-developed countries for assistance from the Agency while the Russian contributions have been relatively low and subject to limitations on expenditures outside the U.S.S.R.

Unfortunately for the Western group, these Russian positions have often been advanced in subtle terms thereby concealing their true motivation from the less sophisticated members (particularly from the under-developed countries). For instance, objection to provision of resources for programme is never advanced directly but rather is cloaked as an effort to improve efficiency or secure economies in administration. Similarly, opposition to safeguards is never expressed directly but in terms of resistance to an infringement of national sovereignty. Refusal to approve expenditure for a laboratory necessary for implementation of safeguards and to discharge the authorized functions of the Agency is attributed to a desire to protect the under-developed countries against heavy and unnecessary costs of membership.

(d) *French Position*

It is difficult to understand the vagaries of French policy in the Agency but it is the consensus of opinion that France is sensitive to its exclusion from the so-called "Nuclear Weapons Club" and is determined to resist (or at least not to facilitate) any decision which would suggest that France has an inferior status to that of the Big Three (U.S., U.K., and U.S.S.R.)

Conclusion

My general conclusion is that, despite continuing declarations of support by all members for the high objectives of the Agency, the whole experiment is likely to founder in a period when the prospect of economic nuclear power is somewhat remote because of political obstruction, weak administration, uninspired leadership and generally mediocre representation. These adverse influences can only be countered if dynamic direction is provided either individually or on a concerted basis by some of the small, more competent delegations like those of Canada, South Africa, Sweden, the Netherlands and Japan.

If it is realistic to assume that the Agency has a constructive role to play it is essential to restore the original perspective by re-focussing attention on the mutual benefits to be derived from a successful programme and at the same time to lay the groundwork for a concerted effort to prevent the U.S.S.R. and others from obstructing further progress. In particular, I would take further steps to ensure that the large majority of small uncommitted states understands more clearly their true interest in the Agency and that they are not misled by the captious proposals of the U.S.S.R. I would begin with a calculated effort to demonstrate clearly both in private and in open debate to the under-developed countries that their interests can best be served by supporting the position of those members of the Western community like the U.S.A. and Canada which have given tangible evidence of their willingness and ability to assist the smaller countries by providing large voluntary contributions to the Agency's programmes. If necessary, attention should be focussed on the sharp contrast between Russian declarations and performance.

It is paradoxical that our main opposition in the Agency on many questions is supported or even led by the representative of India, often taking positions similar to those of the U.S.S.R. I do not consider it consistent with the development of mutual interests to continue to give maximum assistance to India by acts such as provision of the Canada-India reactor and other forms of aid without more forthright attempts at the highest level to develop clear and explicit agreement on mutually acceptable objectives in the nuclear field.

Similarly, I have never understood why we should not be taking more forthright positions in our relations with many members of the Agency, like France, which have given only divided support to the establishment of an international system of safeguards.

In Vienna I encouraged Mr. Wershof to take firm initiatives on questions before the Board and I believe that we were largely in agreement on issues that arose while I was present. It seems to me that although there are real and deep-rooted differences of approach between member states, some at least of the current difficulties of the Agency (such as the choice of the Secretary-General) are attributable to the "conventional wisdom" of international diplomacy which seems to prefer an outward appearance of harmony rather than to invite sharp and possibly embarrassing conflicts that might arise by firm confrontation of opposing viewpoints. Discussion might also take place with the U.S. to ensure that their participation in the Agency will provide the leadership and direction necessary not only to sustain but revitalize the Agency's effectiveness. I believe that the time has come for a critical and penetrating re-evaluation of the objectives of Canadian policy in the Agency and the steps most likely to achieve these aims.

[SIDNEY POLLOCK]

477. DEA/14001-2-6

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 2142 Washington, September 8, 1959

CONFIDENTIAL. PRIORITY.
Reference: Our Tel 2069 Aug 26.†
Repeat London, Geneva (Priority) (Information).
By Bag Vienna from London.

IAEA: WERSHOF'S VISIT TO WASHINGTON

Wershof, Gray and Miss Burwash, accompanied by Ritchie and Langley, met with Wilcox (Assistant Secretary for International Organization Affairs) and other State Department and USAEC officials at 10:30 on September 3 to discuss the progress of IAEA, and USA and Canadian policy towards the Agency. They also met in the afternoon with State Department and USAEC official to discuss safeguards. This telegram deals with the first of these meetings.[524]

2. Wilcox began by saying that, despite some disappointment at the way in which IAEA had developed, the USA Government continued to support the Agency and retained an optimistic assessment of its future possibilities. He was convinced that the inspiration behind the Agency was good; it had been regrettable that its establishment had taken so long since, in the interval, the USA had been obliged to develop its civil atomic cooperation with other countries through bilateral channels. It had now been decided by the Secretary of State and Mr. McCone that, in order to assist the development of the Agency, the USA should go to the next general conference with as constructive a programme as possible.

3. Wershof, who made clear that his remarks would be based on his personal experience as Canadian Governor and should not repeat not necessarily be interpreted as the views of the Canadian authorities, said that many persons who had had close contact with the Agency over the past few years were concerned at the lack of progress and uncertain prospects of IAEA. The root of the difficulty seemed to lie in the failure of the USSR to offer genuine cooperation and, for his part, he was not repeat not optimistic of any improvement from this point of view. The response of several friendly member countries to the Agency's appeals for funds had also been disappointing.

4. Wilcox readily agreed and said that the USA had urged friendly countries to contribute more generously on several occasions. He doubted if the USA could properly or fruitfully do much more in this direction but the possibility of a further appeal at the highest level might be considered. The attitude of the USSR in the Agency seemed to be similar to its attitude in the UN and specialized agencies: it contributed relatively little money and participated mainly for the advantages, tangible or propaganda, which it could derive.

[524] Voir/See Volume 24, document 586.

5. Wershof wondered whether, in view of the importance of USSR cooperation to the future of the Agency, any thought had been given to the possibility of the President raising this question with Khrushchev during his forthcoming visit. This notion had occurred to Canadian officials but opinion was divided as to whether it would be useful or not repeat not. It seemed to him that if such a discussion were to be of value, it should relate to cooperation on some important and constructive activity in IAEA (such as safeguards). A discussion of generalities, resulting in a general reference in a joint communiqué to improved cooperation in IAEA, might be more dangerous than useful.

6. Wilcox replied that this possibility was being considered.[525] The problem was, of course, the degree of priority which should be given to the various topics which might be discussed by the President and Khrushchev. One factor in favour of a discussion of IAEA was the fact that the Agency was close to the President's heart and the President felt that it potentially represented one of his real contributions to human welfare. Wilcox himself continued to think that the USSR had a genuine interest in preventing the spread of atomic weapons and that this provided a basis for cooperation, although the USSR had admittedly other conflicting interests in the Agency.

7. Wilcox then turned to the Agency's next general conference, saying that the USA hoped to announce that it would ask its partners in bilateral civil atomic energy agreements to agree to transfer to the Agency those functions under these agreements which the Agency was capable of performing. Although the USA had not repeat not yet approached any of its partners, it was confident that Japan, for example, would agree to transfer bilateral safeguards to the Agency once the latter had adopted its safeguards system. Apart from this, the USA considered that there were a number of positive new tasks which the Agency could undertake. This involved placing less emphasis on the original great objectives of the Agency and more on modest tasks which would keep it usefully occupied and more on modest tasks which would keep it usefully occupied pending a change in the international atmosphere.

8. Wershof agreed that the Agency could do useful work in establishing codes and standards and in making studies of problems within its competence. Health standards and waste disposal came to mind but these raised the problem of conflicting jurisdiction with the specialized agencies; in this connection it was essential that the USA use its influence to bring about a rational result. IAEA also had a useful function to perform in technical assistance but it was important to secure larger contributions from those member countries which were not repeat not now contributing adequately. However, in his opinion, even these various functions hardly justified the existence of the large organization which had been built up in Vienna.

9. Wells (International Relations — USAEC) intervened to say that USAEC had been reviewing its attitude towards IAEA and remained convinced that it was worth trying to develop the Agency's role by transferring to it functions from the USA's bilateral agreements and by assigning to it new tasks such as, for example, the drafting of a convention on third party liability for seagoing ships transporting nuclear materials and possibly the development of small power reactors for underdeveloped countries.

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[525] Il semble que cela n'ait pas été fait. Voir *Foreign Relations of the United States, 1958-1960*, Volume X (Washington: United States Government Printing Office, 1993), document 126.
This was apparently not done. See *Foreign Relations of the United States, 1958-1960*, Volume X (Washington: United States Government Printing Office, 1993), document 126.

10. Wilcox added that the USA thought it would be useful to accelerate studies of this type of power facility with a view to producing a demonstration reactor which would convince underdeveloped countries of its usefulness. The Agency had undertaken certain studies in this field and the USA was also engaged in relevant work to which the Agency might be given access or in which it might later be invited to participate. This would be for USAEC to consider further.

11. Gray sounded a note of caution, suggesting that it would be ten years at least before small economical power reactors could be developed and that it might be unwise to stimulate excessive hopes prematurely.

12. Wilcox agreed but suggested that economical small-scale nuclear power was an important goal towards which the Agency should work; stimulation of interest through the Agency might help to speed things up. The USA was also concerned that the Agency's training programmes might not repeat not be put to the best use by trainees returning to their countries due to a lack of laboratory facilities and equipment. The Agency had a role in supplying such equipment, once technical knowledge had been imparted through training, and the USA was considering whether it might do so on a loan or long term repayment basis.

13. Wershof commented that he was personally worried by any suggestion that the Agency devote a large share of its resources to the supply of equipment in view of the fact that this was likely to consume a disproportionate amount of the small general fund. An alternative would be to develop the intermediary role of the Agency under Article XI of the statute. In this connection, he had been disappointed that the USA had concluded arrangements for a large programme of cooperation with Euratom without in any way associating the Agency with the project.

14. Wilcox admitted that the arrangements for Euratom cooperation represented a missed opportunity from the Agency's point of view. However, there had been a number of considerations to be weighed and the Euratom Agreement had been concluded as part of a pattern of encouraging European unity. He could not repeat not foresee the recurrence of a similar agreement.

15. Wilcox then went on to speak of the role which the USA had originally thought the Agency might play in the supply of nuclear fuels. At one time, the Government had envisaged this as an important role for the Agency and one which, if the Agency were able to obtain nuclear materials at concessional rates, would enable it to build up working capital. Thinking had however changed in view of the changed world uranium supply situation and the fact that supply to the Agency at concessional rates by the USA would have required congressional approval, which appeared unlikely to be forthcoming.

16. Wershof agreed that this Agency role no repeat no longer appeared as significant as it had once done. He then said that he wished to put forward informally, and seek the opinion of USA officials on, an idea being considered by senior officials in Ottawa: namely the creation of an obligation on governments to measure data on fallout and report to a central body.[526] (Your telegram G-94 September 1† refers).

17. Wilcox stated that this idea would be considered by State Department officials and an opinion would be expressed to us in due course. In the meantime Sisco (Acting Director of UN Political and Security Affairs) offered the preliminary opinion that it might be difficult to have IAEA assume the role of depository for this information since most fallout now originated

[526] Voir chapitre I, première partie, section A (IV)./See Chapter I, Part 1, Section A (IV).

from bomb tests. There might, in consequence, be a widespread feeling that the General Assembly itself or one of its organs should assume this function; however, this focus would change as the peaceful sources of radiation became more important and IAEA became more directly involved.

18. The meeting ended with a brief reference to the chairmanship of the next general conference, on which the USA had not repeat not yet taken a firm position. Wilcox explained that the USSR and its satellites appeared to be making an attempt to secure positions of prestige in various UN bodies and that, in this context, the Bulgarian candidacy for the chairmanship of the general conference was causing the USA authorities some concern. He promised that we would be informed as soon as a decision on this matter had been taken. He then thanked Wershof for visiting Washington for a most valuable exchange of views and paid tribute to the effective role which he was playing in the Board of Governors and to the constructive attitude of Canada towards the Agency.

478. DEA/14001-2-6

Note de la 1ère direction économique
pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Economic (1) Division
to Assistant Under-Secretary of State for External Affairs

SECRET [Ottawa], November 18, 1959

EXPORTS OF NUCLEAR MATERIALS: SAFEGUARDS

Since the provisional approval given by the International Atomic Energy Agency's Board of Governors to the "general principles" paper on safeguards ("Annex I")[527] the IAEA Secretariat has been working on a revision of the detailed regulations ("Annex II") which will probably be ready by the end of November.

2. The United States had originally suggested that a meeting of the principal Western suppliers (Canada, the United States, the United Kingdom, South Africa, Australia, France, Portugal and Belgium) should be held in Washington in early December to develop an agreed position on the Agency safeguards proposals and to reaffirm the maintenance of a common front on bilateral exports. We are now informed by the United States Embassy in Ottawa that the French have told the United States that the French Government has reached the definitive conclusion that it will not support a common front on bilateral exports. It is prepared to go along with the IAEA proposals because it does not expect to handle nuclear supplies through the Agency. As a result of this move by the French, the United States now proposes to drop the idea of a Washington meeting. Instead, they would send a strong Note on safeguards to the other suppliers and would back it up in France by a "high level" mission to urge the French to change their position. The Embassy has asked us to express an opinion on the proposed strategy and later informed us that the United Kingdom had indicated its approval.

3. In view of the stand that the French have taken, a suppliers' meeting next month might do more harm than good and the United States' proposed course of action seems to be about the

[527] À la conférence de septembre. Voir la version finale dans GOV/INF/36, 2 octobre 1959.
At the September meeting. For the final version, see GOV/INF/36, October 2, 1959.

most hopeful that offers. I therefore suggest that we verbally inform the United States Embassy in Ottawa that we are in agreement.[528]

D. BURWASH

479. DEA/14001-2-6

L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM 3163 Washington, December 30, 1959

CONFIDENTIAL. PRIORITY.
Reference: State Dept Note Dec 29.
Repeat London, Paris (Priority), Geneva, Brussels from Ottawa (Priority) (Information).
By Bag Vienna from London

SAFEGUARDS

Following is the text of a Note of December 29 from the State Department on this subject:
Text Begins:

The Secretary of State presents his compliments to his Excellency the Ambassador of Canada and has the honor to refer to conversations which have taken place during the past year in London and Vienna on the subject of safeguards to ensure against the diversion of atomic energy materials for military purposes.

As the Government of Canada is aware, the September meeting of the Board of Governors of the International Atomic Energy Agency in Vienna provisionally approved Annex I of the safeguards of the International Agency which annex included certain criteria for determining when safeguards would be required. There is thus established within the Agency a foundation for a system of international controls against the diversion to military purposes of atomic energy materials and facilities supplied for civil uses. To make such a system operative the Government of USA believes that it is necessary, in keeping with the criteria and other provisions of Annex I, that a central registration point be established for all sales of nuclear materials and facilities concerning which a commitment is given that they will be used only for peaceful purposes. This government considers that the International Atomic Energy Agency should be designated as such a central point.

The Government of USA suggests, therefore, that the eight natural uranium supplier nations of the western world join together in seeking agreement by all member states of the Agency to register sales of natural uranium for peaceful purposes with the International Atomic Energy Agency. This government is prepared to notify the Agency concerning the nuclear materials and facilities exported from USA for civil uses subject to USA safeguards and to encourage its partners in agreements for cooperation covering civil uses to join in this notification.

The Government of USA would appreciate receiving the views of the Government of Canada as soon as possible regarding this matter.

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[528] Note marginale :/Marginal note:
Miss Burwash I agree [A.E. Ritchie]

It is the belief of the Government of USA that the future of the Agency may be seriously jeopardized if bilateral controls compatible with those of the Agency are not repeat not adopted by the member states and particularly if any member state of the Agency were to sell natural uranium or other nuclear materials or equipment for peaceful purposes under criteria more liberal than those provisionally adopted by the IAEA. In such event the Agency may not repeat not be able to occupy the role of either a supplier of nuclear fuel and facilities or as an effective international control organization. The Government of USA hopes that the Agency will receive the necessary support of all its members in achieving these objectives.

This communication is being addressed to the Government of UK, South Africa, France, Portugal, Australia and Belgium. Text Ends.

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